

EUROPEAN NEWS

Dutch call for cut in work hours

Holland's largest trade union federation, the FNV, will make a shorter working week, longer holidays and early retirement the main themes of its 1979 wage campaign, writes Charles Batchelor in Amsterdam. The federation hopes to achieve a fairer distribution of the available work to combat high unemployment. The FNV's executive will start discussions of its plans for 1979 later this month and policy will be decided in mid-October after the membership has been polled for its views.

Menten trial

The Special Chamber of the Hague District Court yesterday referred the war crimes case against the Dutch millionaire Mr. Pieter Menten to an examining judge. The judge will investigate Mr. Menten's claim that a former justice minister told Mr. Menten in 1952 that no further charges would be pressed against him. Menten was found guilty last December of taking part in the mass execution of Jews in Poland in the summer of 1941 and sentenced to 15 years imprisonment. But the Supreme Court quashed the sentence on the grounds the lower court had made a procedural error.

Russian air crash

Russian personnel were yesterday clearing the wreckage of a Soviet photographic reconnaissance aircraft which crashed on the Norwegian Arctic island of Hopen, in the Svalbard archipelago last Monday, writes Fay Gjester in Oslo. The crash was discovered on Thursday by Norwegian personnel from the island's weather station. The Norwegians have secured some pieces of the wreck and the aircraft's wreckage, which will be sent to Britain for interpretation.

French budget plans due tomorrow

BY DAVID CURRY

THE END of the holidays having been formally "celebrated" with a weekend seminar at Rambouillet under the chairmanship of President Giscard d'Estaing, the French Government is this week putting the finishing touches to the 1979 budget proposals and a special series of measures to absorb, if only marginally, unemployment. Details of both will be announced on Wednesday.

The President promised his Western partners at the Bonn summit that he would permit the 1979 budget, which will total some Fr 460bn, to remain in deficit; the problem is to hold that shortfall to the Fr 15bn (€1.9bn) felt to be the maximum compatible with M. Raymond Barre's programme on restoring economic equilibrium.

The betting is once again on higher taxes on petrol, alcohol,

cigarettes and tobacco and motor vehicle permits. But it is also thought that the Government has decided to prune the flourishing fiscal undergrowth of special concessions accorded to around 90 categories of trades. These range from handweavers in the Lyons silk industry, spectacle makers, lens polishers from the Jura, Paris models, musical artists, certain workers in casinos, jewellery workers and the staff of station book stores.

These trades all benefit from a basic 10 per cent deduction for tax purposes before the special scale of further deductions, going up to 40 per cent, applies. The Government is thinking of clipping this 10 per cent deduction for higher incomes.

The issue of employment is likely to become one of the preoccupations of the autumn,

since even the Government is reconciled to the total of jobless reaching at least 1.2m while the unions fear a substantially higher total.

The measures being discussed by the Government avoid radical steps like cutting the retirement age or the length of the working week or stepping up public sector recruitment.

M. Barre believes this would simply increase industrial costs without securing permanent employment. The favourite candidate is a measure to compel employers to increase the rate they pay for overtime but to claw more of that overtime back from the worker as a contribution to the national unemployment fund which is in urgent need of replenishment. This would make it more costly for both employer and worker to take on

extra hours rather than recruiting new personnel. It is also thought that the maximum working week could be reduced (it stands at 52 hours but the average actually worked is some 41.6) while fiscal concessions may be given to employers who increase manning for continuous process operations.

The Government has already re-introduced the measure started in July 1977 to exonerate employers from social security charges if they recruit young people.

The Government has one eye on the negotiations due to be resumed soon between the employers' association, the Patronat, and the unions over changing the scale of unemployment benefit, establishing sectorial wage guidelines, and even for a television documentary.

Kreisky's Crown Prince in trouble

By Paul Lendvai in Vienna

DR. HANNES ANDROSCH, Austrian Vice-Chancellor and Finance Minister, has become the target of an unprecedented campaign which may well have destroyed his chances of ever becoming Dr. Bruno Kreisky's successor as leader of the ruling Socialist Party and subsequently as Chancellor. It is not his controversial fiscal and monetary policy but primarily his private business as a chartered accountant and his personal life style, which have dominated the headlines and provided seemingly inexhaustible material for commentaries and even for a television documentary.

Until recently the tall, good-looking and very able finance expert was regarded as the golden boy of an almost American-style success story. He was only 32 when Chancellor Kreisky in April 1970 chose him as his Finance Minister, the youngest in Austrian history. In less than two weeks Dr. Androsch will go into history once again as the longest serving Finance Minister in this century, surpassing even the record of the legendary Herr Reinhard Kamitz, the post-World War 2 architect of the strong Austrian economy.

Still only 40 years old, Dr. Androsch has long been regarded as the front-runner to succeed Dr. Kreisky. Despite strong resistance in the Socialist Party, the Chancellor promoted his favourite over the heads of more senior cabinet ministers to the post of Vice-Chancellor in September 1978 and also to the deputy chairman of the ruling party.

What then prompted the Vice-Chancellor to offer to resign if he were to become a burden for the Government and the party? This summer an illustrated monthly of the opposition People's Party, *Plus*, accused the Finance Minister of indirectly profiting from his political position because his chartered accountants firm, *Androsch & Co.*, had multiplied its turnover and profit during the past few years. Its clients included a growing number of companies belonging directly or indirectly to the public sector.

The article was a mixture of fact and rumour. Its politically explosive implications, however, alarmed the Socialists just over one year before the next general elections: the Number Two man in a socialist government pledged "to fight against poverty" was depicted as a millionaire with an annual net income of ASch 3.5m (about £120,000), living in a luxurious house worth ASch 20m and throwing money about.

The Finance Minister called a news conference and produced his tax declaration for 1976. Far from being a millionaire, he declared debts of ASch 700,000 in his wealth tax return. As to his business income it was "only" ASch 497,000 in addition to his gross salary of ASch 1.1m. His house was apparently bought by his father-in-law for ASch 10m and he himself had invested ASch 3m to furnish and to complete it. But he repeatedly stressed that everything was perfectly legal and that he and his wife retained their 75 per cent holding in the "Consultatio", which has been run since 1970 by the minority partner.

But the Ministers' counter-attack backfired and attracted even further publicity. A widely discussed television documentary revealed that Consultatio achieved an eight-fold rise of turnover to ASch 17m between 1970-77, its staff jumped from 10 to 45 and recently gained the holding company of the Vienna Municipality with some three dozen firms as a new client.

Dr. Androsch sees the affair as a politically-motivated campaign, skillfully orchestrated by the People's Party and timed to coincide with the forthcoming important municipal elections in Vienna. "Every body since 1970 has known all the facts. The campaign raises the question of principle: whether self-employed or professional people should be allowed to go into politics or whether politicians here should be only civil servants quickly pocketing several salaries at the same time and enjoying large pensions after retirement," he stressed. Commentators point out that the issue is the moral dilemma of being both the supreme tax collector—as Finance Minister—and retaining a relatively large firm of tax advisers. Dr. Androsch has acted exactly as a clever entrepreneur would, finding his way through the jungle of taxation legislation to pay the permissible minimum.

Why then is Dr. Androsch in political trouble? Because he has, in a sense, as the weekly magazine *Profil* put it, provided a contradiction in the Socialist policy, which still aims to create a classless society, yet at the same time produces a "new class" of distinctly bourgeois life-style and ethics. Dr. Kreisky himself also evidently unhappy and made his view fairly clear in a series of interviews which further undermined the position of Dr. Androsch.

Dr. Kreisky said he could not conceive of a Socialist Party leader who at the same time owns a company.

Mondale lauds Italian efforts to sort out economic problems

BY PAUL BETTS

ROME, Sept. 4

ON THE eve of his departure for an official visit to Spain, Sig. Giulio Andreotti, the prime minister, held talks in Rome today with Mr. Walter Mondale, the U.S. Vice President, who renewed the Carter Administration's support for the minority Christian Democrat Government.

Mr. Mondale said he was impressed with the Italian Government's current efforts to tackle the underlying structural problems of the economy.

This was seen here as a gesture by which the Italian Government's current efforts to tackle the underlying structural problems of the economy.

The Government's economic proposals include measures to reduce Italy's public

sector borrowing requirement, curb inflation and labour costs, while generating some 500,000 new jobs over the next three years. He so far had a mixed reception from the political forces and the labour movement. For its part the national employers' confederation, *Confindustria*, has criticised the outline programme because it feels the emphasis weighs too heavily on the public sector at the expense of the private sector.

Meanwhile Sig. Andreotti is expected to reiterate his government's support for Spain's application to join the European Economic Community during the course of his official visit — the first by an Italian Prime Minister since the unification of Italy.

Although Italy is clearly concerned over the growing competition resulting from community enlargement, its major agricultural products like olive oil and wine, it nonetheless sees enlargement as eventually enhancing the weight of Mediterranean countries inside the community.

West German electrical goods meet heavy demand

BY JONATHAN CARR

BONN, Sept. 4

BUOYANT home demand was down by 2.1 per cent to DM14.3bn. Domestic demand for electrical goods, however, rose particularly strongly by 12 per cent to DM7.96bn.

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WORLD TRADE NEWS

Sanyo Electric and Lotte plan production facilities in U.S.

OSAKA, Japan Sanyo Electric will also be Lotte's first overseas plant. Sanyo Electric said its decision to manufacture in the U.S. was based on the increased difficulties of exporting from Japan as the yen appreciated sharply against the U.S. dollar. The plant will be Sanyo's third production facility in the U.S. following acquisition of the stereo speaker manufacturer, Fisher Corp., and the establishment of a 50,000 unit capacity per month colour television producing plant in Arkansas early last year by Sanyo Manufacturing Corp. (SMC).

At present, Sanyo exports amplifiers, tuner and player units to the U.S. for sale under the Fisher brand. The San Diego plant's production of these combined units will reduce Sanyo exports to the U.S. which totalled about 240,000 units in the 12 months ended last November, the company's financial year.

The San Diego plant, which will occupy 37,000 square metres, will include the refrigerator producing facilities. Sanyo exports about 180,000 small-size refrigerators a year to the U.S. The company spokesman claimed that the production slack created domestically by start-up of the U.S. plant will be made up through increased sales in Japan.

Meanwhile, Lotte said it is completing plans to build a chewing gum plant in Battle Creek, Michigan to sell products on European and U.S. markets, with the aim of eventually exporting back to Japan itself. The new wholly owned Lotte subsidiary will be capitalised at \$5m according to Mr. Yoshitane Takahashi, general manager of the company's administration department. Final plans for the chewing gum plant are expected to be completed by mid-October, he said.

Lotte, which ranks first among 20 Japanese chewing gum makers, will be the first Japanese confectioner to invest in a production facility in the U.S. It

TOKYO, Sept. 4. Sales of the new U.S. subsidiary, owned 40 per cent by Sanyo Electric Co. 40 per cent by Tokyo Sanyo Electric and 20 per cent by Sanyo Electric Trading, is projected at \$48m annually for the first year, expanding to \$68m in three years' time.

Lotte, an unlisted company capitalised at ¥217m, will be marketing in the U.S. and elsewhere specialised chewing gum products and later other confectionery items, which have proved successful in Japan and nearby countries like South Korea. The costs of raw materials for chewing gum in the U.S. are estimated at about one-third those in Japan.

The company's annual sales of confectionery products total about Yen 110bn, with exports running at a small ¥1.5-1.6bn. Annual sales from the U.S. facility could total about ¥2bn a year.

Lotte, facing increased costs domestically and the loss of export competitiveness as the yen rises in value, is also concerned over the probability of lower import tariffs on chewing gum resulting from the current round of GATT tariff talks in Geneva. Lower import duties could mean more competition from foreign makers on the home market.

Ammonia surplus 'will get worse'

By Kevin Done

OVERCAPACITY in world ammonia markets will worsen in the early 1980s and export opportunities for traditional suppliers in Western and Eastern Europe will be seriously reduced.

According to a study published by Chem Systems, engineering consultants, the growth in world demand for ammonia is expected to fall from 6.5 per cent a year to 4.5 per cent a year over the period to 1990-91. This compares with the average growth of 7 per cent a year in the decade up to 1976-77. Demand is forecast to rise from 56.7m tonnes a year in 1976-77 to 119m tonnes in 1990-91.

Chem Systems suggests that the demand in the developing regions of the world could grow by as much as 10 per cent a year, while the developed regions of North America, Western Europe and Japan are expected to show a growth of only 2.8 per cent a year.

There will be a considerable surplus of capacity worldwide, and present overcapacity could more than double by the early 1980s. The most pronounced overcapacity will be in traditional ammonia manufacturing countries, East and West Europe, North America and Japan.

The Future Ammonia Business, Chem Systems, 28 St. James Square, London.

Sharp GATT warning on inflation

BY DAVID EGLI

IN DOLLAR terms world trade in 1977 increased 13 per cent over the previous year, to a total of \$1,200bn. But in volume terms, trade growth slowed from 11 per cent in 1976 to a mere 4 per cent last year, according to the latest figures issued by the Secretariat of the General Agreement on Tariffs and Trade (GATT).

Basing itself on the trade returns of the large industrial countries, a forthcoming GATT study on world trade prospects, the main conclusions of which were released today, finds that the volume of international trade has grown somewhat faster in the first half of this year with an annual rate of close to 6 per cent.

Barring a sharp reversal of this trend in the second half of the year, GATT believes that the increase for 1978 will be somewhat larger than for last year.

The study says that increased growth and employment, as well as more stable exchange rates and sustainable payments positions, can be achieved by industrial countries only if they manage to reduce inflation rates to the levels prevailing until the mid-1960s.

It is considered particularly important for the U.S. to take the lead in efforts to combat inflation: "Once the dollar's purchasing power begins to stabilise, stabilisation of the whole system should be that much easier," the study comments.

With the current general recognition that one only loses from inflation, at least in the long run the authors see the apparent unwillingness to come to grips with the problem as a reflection of fear of the short-term consequences, particularly that of rising unemployment.

The study concludes that the risks of making price policy goals are small on those created by inflation, the spread of inflationist policies and the deterioration in international relations.

According to GATT, the rate of inflation in the U.S. has to be drawn from the rate of the past 10 years, or 3.5 per cent, to bring inflation down to the level of the early 1960s, when inflation was around 1.5 per cent.

A credible commitment by the major governments to restore price stability at a steady pace over the next

Israel sets terms for BL deal

By Maurice Samuelson

THE BUS which BL would like to sell to Egged, Israel's inter-urban national bus service, is the new single decker city model still known only by its code-name, the B21.

Only 25 production vehicles have been sold so far to Belgium. Prototypes are being studied in other European countries, Australia and New Zealand.

If orders are placed, it would be built at the Bristol commercial vehicle factory, BL said yesterday.

One of its attractions for Israel is that it is rear-engined, enabling the driver to act as a ticket collector.

More details of the Israeli Government's attitude towards a

Soviets in Vietnam projects

By Christopher Robinson

WARSAW The Soviet Union is helping in the construction of 84 projects in Vietnam, including power stations, chemical and energy plants, and industries.

This Soviet involvement in Vietnam is reported in a Polish foreign trade magazine, "Rynek Zagraniczny", in an article on Comecon involvement in the reconstruction of the economy. The paper also held in July promises of mutual growth in trade between the two countries.

East Germany, which in 1956-77 helped to build industrial plants in Vietnam, present involved in a number of projects and trade in July promises of mutual growth in trade between the two countries.

Poland meanwhile is participating in eight investment projects mainly in coal and in the shipbuilding industry. A Polish-Vietnamese trade agreement signed last March has a target of 100 million dollars turnover this year over the figure of 101.5m foreign trade (Zloty \$30.6m).

Czechoslovakia and Hungary are co-operating in eight power stations and have also building an aluminium works and helping in the Vietnam's bauxite extraction industry. Bulgaria is engaged in the exploration and mining of copper deposits and in the construction of two hydroelectric power stations.

All the Comecon countries helping to build the Kien Giang railway linking Hanoi and Chi Minh city.



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Martinair withdraws from North Atlantic routes

BY CHARLES BATCHELOR

PRICE competition has forced Martinair, the third largest charter airline in the world, to withdraw from the North Atlantic routes. The company will not fly the North Atlantic in the 1979/80 winter season or in 1979 and will then see how the market is developing, a spokesman said.

"Competition has become so tough, what with standby flights and other cut price offers, that the North Atlantic charter business is no longer profitable," he said. Martinair will divert its fleet to freight, its European routes and sub-chartering to other airlines. Its fleet consists mainly of one DC-8, three DC-9s and three DC-10s.

After the signing of the air traffic protocol between Holland and the U.S. last March, Martinair expected an upturn in business. But the increase in competition meant the company made a loss on these routes for the first time and traffic volumes were lower than expected.

The Dutch Transport Ministry allowed airlines to quote very low rates on scheduled flights as an experiment this summer. It also removed all controls on charter prices to allow the charter companies to compete.

Martinair is the largest charter airline after Condor and Trans-International. It has been

Fiat urges co-operation

PARIS Fiat, vice-president of Fiat, called for closer industrial co-operation between European car makers.

"Europe's car industry can do many things together, notably the production of engines and gear boxes in order to achieve greater cost effectiveness," he told a news conference in Paris.

Sig. Agnelli, who was in Paris to launch Fiat's new medium-sized "Ritmo" model, termed the Peugeot-Citroen-Chrysler deal as "very important" both because it will strengthen the French car industry and form Europe's first multinational company in face of American nationals.

As a result of the Fiat deal, Fiat has ended its previous ambition of becoming Europe's largest motor manufacturer. "Our objective was to be the largest car maker in Europe," he said.

At the failure of his efforts to merge with the early 1970s, Agnelli's stake from 16.5 per cent in Citroen's holding was forced to sell in June 1973, Citroen absorbed by Peugeot.

AP-DJ.

Mexico starts exporting methanol

BY WILLIAM CHISLETT

MEXICO HAS exported its first ever shipment of methanol after quickly reaching self sufficiency in the product. Last week 2,500 tons were shipped from the Port of Ciudad Madero by Pemex, the state owned oil company, to Tauber Oil in the U.S.

Last year Mexico had to import 36,387 tons of methanol, but this year it has increased domestic production to 15,651 tons, which have been imported.

Pemex is negotiating for more methanol and that this year total production of the chemical will be 19,000 tons.

Handwritten note in Arabic script: "هذا هو المنتج الذي ننتجه"

Nicaraguan students arm as government shores up banks

U.S. and Japan divided on joint energy projects

U.S. and Japan divided on joint energy projects

Cuba concession to exiles

Cuba concession to exiles

Canada gas prices move

Canada gas prices move

Department; the Energy Department and other areas of the senior civil service.

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Meany calls for rich to sacrifice

MR. GEORGE MEANY, the veteran leader of the AFL-CIO,

Mr. Meany, aged 84, said, "In the past, workers have been called upon to sacrifice first in the fight against inflation. And they have. But the corporations and the bankers never did their share, and there is no evidence that they will do so now."

insistence by President Carter on restraint of wages and prices, so as to reduce the rate of inflation, Mr. Many said that workers would accept smaller wage increases, but only if there was previous evidence of a deceleration in the rate of price increases.

with editors of publications in the labour field, said that he may take stronger action against the rise in prices if inflation worsens. Agencies

at in their relationship at the moment. On a personal level, contacts between the President of the United States and the president of the American Federation of Labour-Congress of Industrial Organisations have not strayed much beyond the polite and formal.

on policies dear to labour when a Democrat is in the White House.

If Meany did any stocktaking yesterday, America's 84th Labour Day, it would have confirmed his disappointment with President Carter. Labour (the word is still pretty much interchangeable with Meany) has lost three

enchanted with the Carter Administration on both a political and a policy level. As an organised lobby with a

Mutual disappointment

wealth of institutional experi- rigid pay and price controls.

On May 20, for example, 35 union leaders were called to the Indian Treaty Room of the Executive Office building to discuss the Carter Administration's anti-inflation policy. Meany had bluntly warned Carter aides that a direct appeal to union leaders to curb their pay settlements would below the average of the last

Meany, rules the President. Continues, as he did earlier this year, but that American unionism has been founded on the premise of delivering a rising standard of living to its members. This does not rule out co-operating on the wages front—indeed the AFL-CIO sal on President

mitted everyone to battling inflation but which did not tie the unions down on a formula was there for the asking "but they (the White House) were not smart enough to ask."

Labour's scorn would not matter so much if the Administration did not need an anti-inflation pact to get the workers' ballots, turning down a moderate 19.5 per cent, three-year wage and benefits settlement.

Just as balloting was getting under way, Meany predicted that the pay rises were to ungenerous to win a majority of votes.

inflation policy so badly. The White House is rejecting the advice of right-wing economists to rely on monetary and fiscal measures to slow down the pace of wage increases and it is still apparently determined to reject

President Carter may be right in accusing Meany of "a serious breach of propriety," but the



care proposals and an inability to understand its reluctance to raise trade barriers make the President's task of forming a genuine partnership with labour in the second half of his term

His lead is not being followed by the AFL-CIO mainstream for the moment, but a measure of labour's strength is that few independent commentators would rate the President's chances of re-election highly without an

be put to the test in this November's Congressional elections when labour is withdrawing its support from a number of candidates who refused to back its most prized legislative proposal, the Labour Law Reform Bill.

Though the tensions between Mr. Carter and labour are significant, they are not yet severe. The AFL-CIO Council decided early in August that it would bite its lip and continue trying to work with Mr. Carter. "We would Mr. Carter,"

A recent poll indicated, however, that if labour thought it could have Edward Kennedy in the White House then all bets would be off.



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THE CAMP DAVID SUMMIT

Carter tactics for summit remain a close secret

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Sept. 4

MOST HEADS OF STATE, Jimmy Carter not excepted, like to think that nothing is insoluble when reasonable men in charge of governments sit down together to thrash out differences. This is the underlying rationale of all summitry and it is the cause of whatever optimism exists on the eve of the Camp David meeting between Presidents Carter and Sadat and Mr. Begin, the Israeli Prime Minister.

Mr. Carter observed last month that the Camp David session was "a high risk thing for me politically." Given his current standing in public opinion polls, he may have been exaggerating. But the fact remains that the test of his personal diplomacy will be to convince the Egyptian and Israeli leaders that the consequences of failure at Camp David are more horrible for either of them to contemplate.

Exactly how Mr. Carter proposes to square the circle of intractable remains a closely guarded secret and must remain so for most of the talks. In spite of Israeli and, to a lesser extent, Egyptian objections, the Administration appears to have been successful so far in its determination to avoid the talk being turned into a public relations circus. Briefings for the Press will be perfunctory in the extreme, it is said, and will be conducted only by Mr. Jody Powell, the presidential press secretary.

Both Mr. Begin and Mr. Sadat are aware that the "selling of the summit" in the U.S. will be a critical factor in determining

its success or otherwise. But both so far have refrained, by and large, from seeking to influence U.S. opinion in advance, although Mr. Begin is in New York today and tomorrow to talk to U.S. Jewish leaders and journalists in an effort to ensure that his negotiating position is understood.

Mr. Sadat has already made the necessary arrangements to give his side after Camp David to the medium he works so well, the three commercial television networks.

The Carter Administration has been even more reticent. With the President, many of his advisers and even the indefatigable Mr. Vance, the Secretary of State, taking holidays last month, the impression might have been obtained that the U.S. was, if anything, under-preparing.

In fact, Mr. Carter's negotiating position is designed to be both firm and flexible, as performance in dealing with two such different personalities as Mr. Begin and Mr. Sadat, it is probably fair to say that the U.S. President does not know precisely what offers, arguments and pressures, and in what combination, will be needed to persuade Israel and Egypt to negotiate directly again. But he does know that anything less than a resumption of such talks will be properly construed as failure.

The assumption here is still that the U.S. sees Mr. Begin as the larger obstacle. U.S. officials generally perceive Mr. Begin as an historical figure steeped in tradition and difficult to move.

while President Sadat, partly out of inclination and dramatic flair and partly because of his increasingly parlous position in the Arab world, is considered more forward-looking and accommodating.

But the positions of both men on the future of the Gaza Strip and the West Bank, not to mention the future status of Jerusalem and the Palestinians, still seem so far apart that a calm iron agreement at Camp David remains a remote possibility. The U.S. insists that it has no comprehensive peace plan of its own which Mr. Carter will try and impose on the two sides, but that it may have ideas which could facilitate compromise.

Mr. Begin appeared to shoot one of these out of the water last week when he said he would not countenance the stationing of U.S. troops in whatever guise in the occupied territories. However, this may never have been a serious U.S. proposal, given the unambiguous difficulty that Mr. Carter would have in securing congressional approval for such an initiative. The Israeli Prime Minister appeared more interested in a mutual defence agreement with the U.S., though that is a proposition that Mr. Carter might have difficulty in persuading President Sadat to accept.

The situation in Lebanon, it is admitted here, is hanging over the Camp David talks as a major distraction from negotiations on the major issues of the occupied territories, the future status of Palestinian Arabs and Jerusalem.

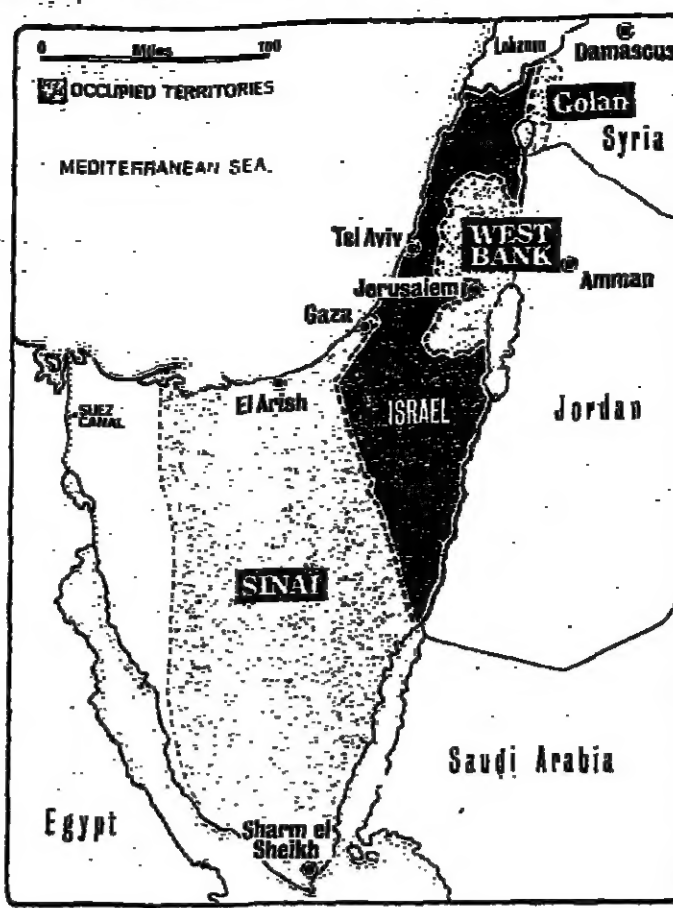
The President has recently clamped down on even the slightest criticism of his proposal to form his own peace party, Mustafa Amin, doyen of the journalistic corps, and a staunch champion of Mr. Sadat's liberation programme, has been banned from writing political articles after suggesting that parliamentarians had been over-hasty in joining Mr. Sadat's new party before they had seen its programme.

Mr. Sadat does not face immediate social unrest, however. The economy continues to make slow but sure progress. But the failure at Camp David will put the President in an even more abrasive mood towards his domestic critics. Such an outcome would not help him springing the constitutional tangle his latest reforms have created.

"The whole world is watching to see what Mr. Carter is able to do and how the polls in America will judge his performance," says one who governs the American people, Carter or Begin.

Although failure at the summit will offer Mr. Sadat a way out

of direct negotiations and allow him to return to the mainstream of Arab opinion, it will not resolve his domestic problems.



THE ISSUES

WEST BANK AND THE GAZA STRIP

ISRAEL has offered limited self rule to the million plus Palestinians but insists on retaining military control. It objects to the areas becoming a Palestinian state.

EGYPT wants the areas handed over to Arab or international control while the residents determine their own future.

U.S. believes that Israel should evacuate the area and rely on international guarantees to ensure the area is not used to launch a new war.

SINAI

ISRAEL originally offered to return the whole peninsula to Egypt if demilitarised but then backedtrack to demand that the Jewish settlements remain under Israeli control. EGYPT wants all the Sinai back but is ambivalent about the settlements.

U.S. also believes that Israel should withdraw to the international border and has hinted that U.S. bases might be located at the points Israel seeks to retain.

PALESTINIANS

ISRAEL has finally recognised that the Palestinians are at the core of the Middle East dispute, but will not countenance the creation of a Palestinian state.

EGYPT says that peace can only come if the Palestinian issue is resolved and believes that some form of Palestinian entity is necessary.

U.S. wants the Palestinians to play a role in determining their own future, but does not want a Palestinian state.

SECURITY ARRANGEMENTS

ISRAEL believes that its security needs are best served by retaining all the West Bank, the Golan Heights, the Gaza Strip and giving back the Sinai to Egypt if demilitarised. EGYPT argues that the best possible security for Israel is peace with her neighbours.

U.S. is urging Israel to accept that there are guarantees which can be relied on.

Jordan watching U.S. role in talks

By Rami G. Khouri

AMMAN, Sept. 4. KING HUSSEIN of Jordan and his close advisers are not expecting the Camp David talks to produce concrete or substantial advances towards a workable Arab-Israeli peace agreement, but they are watching keenly to see whether the U.S. has decided to play a more decisive mediating role.

There is deep concern in Amman that the U.S. may be so anxious to produce a solution that it will push through compromise measures which will be totally unacceptable to moderate Arab regimes.

The Jordanians have been disappointed with the weak American posture during the past two years, and they are, in a sense, viewing the Camp David talks as the last chance for the U.S. to save its credibility as mediator.

According to senior Jordanian policymakers, the U.S. would do well to come out with "a bold, clear and unequivocal" consistent policy on the Middle East. Jordan believes that only this sort of U.S. boldness will convince Israel of the need to implement the dictates of Security Council resolution 242 for Israeli withdrawal and Palestinian self-determination.

There is some expectation that the involvement of President Carter's personal prestige in the talks, such as an American move, but there are also doubts whether the U.S. will act firmly enough to indicate to the public in the U.S. and Israel that Israel must withdraw fully from the occupied territories in return for a full peace accord with the Arab states and the Palestinians.

Jordan believes that Israeli intransigence is built on continuing U.S. acquiescence in Israel's actions. Thus King Hussein is watching Camp David more to see what the U.S. does than what the Israelis do.

Jerusalem team said to carry 'new formulations'

BY OUR OWN CORRESPONDENT

TEL AVIV

CRAMMED into the briefcases of Israel's team for Camp David are long lists of mostly familiar reasons why Israelis believe they cannot quit the West Bank and Gaza.

The maps favoured by Prime Minister Menachem Begin, showing how 1947 borders put Tel Aviv squarely in the sights of Arab gunners, are in the delegation kit, should anyone want to see them.

In case discussion should turn to the status in international law of the West Bank and Gaza, legal experts are on hand to present their well-rehearsed case for justifying a continued Israeli presence.

Such arguments, however polished, would presumably receive short shrift from President Sadat and little more than hored acknowledgement from President Carter.

More interesting will be the "new formulations" which Mr. Begin has promised in his plan to give restricted autonomy to the West Bank and Gaza.

These formulations may be presented by Foreign Minister Moshe Dayan, who has been busy lately in the warring of fortifying the original 1967-point plan to satisfy the West Bank and Gaza Arabs.

One such modification is believed to be a "scheme" for lessening Israeli responsibility for the public order in the territories and bringing Jordan into a greater security role there. It can safely be said that the new formulations do not include any idea of Israel giving up control of overall security in the area. It is hard to imagine that Israel would relinquish its powers to resist external checks and to suppress internal guerrilla activity.

Mr. Dayan is highly skilled at devising formulas which look brand new but which, upon

examination, produce results as old ones. The idea to argue that the clause in United Nations resolution 242 was adopted removing military administration from the West Bank while keeping Israel there undisturbed. Mr. Begin recently came up with a plan that Israel would be discussing the question of sovereignty in the West Bank after five years of autonomy. This was a major concession. Mr. Begin himself rather than the Israeli government would be Israeli sovereignty. The Israelis are fully aware that Israel's safety, in fact, he made a distinction of sovereignty, he would be Israeli sovereignty. If the security argument is demolished, then the Israeli reasons for retaining control of these territories are left uncomfortably exposed. Mr. Begin said that the West Bank has a divine right to the land, greater Israel, and that over it must be preserved as much as mass Jewish men's existence as the beyond doubt.

In public pronouncements since coming to office in 1977, Mr. Begin has relied on the defence argument, on ideological reasons for retaining the West Bank. But his previous political career has been dedicated to the goal of greater Israel.

At Camp David, Mr. Begin would clearly like to avoid main issue and concentrate on side matters, like partial autonomy and the settling of Jewish immigrants to the West Bank, at leisure over the shape of

Beirut Christians suspicious of Israel

BY ISHAN HJAZI

BEIRUT, Sept. 4

AS FEARS increase about a possible military confrontation between Syria and Israel, many Lebanese Christians are expressing scepticism about the value of co-operating with the Jewish state.

According to Western diplomats, not many Christians are convinced that Israel has "Christian interests at heart." Despite almost daily fighting between Syrian troops of the Arab peace-keeping force and Christian militias, the Christians generally do not take seriously Israel's claims that the Syrians are waging a war of annihilation against Lebanon's Christian population.

A truce which was to have

been observed while President Elias Sarkis was in the Vatican for the inauguration of Pope John Paul, was shattered last night when fighting again broke out between the militias and Syrian troops in the Beirut suburbs. Some of the clashes were at Al Hudada in the general area of Baahda, where the presidential palace is located.

One presidential guard was killed and nine others were wounded when a shell fell near the palace, the militias said. A generalissimo by the command of the peace-keeping force blamed the militias.

In artillery exchanges in the southern suburb of Ain el-Rummeh late last night, eight

people were reported to have been wounded. The new tension came in command of the Christian militias reported that Syrian reinforcements had been sent into Lebanon. The news said more ground-to-air missile sites had been set up in Beirut today.

Reuter adds: Calouad al-Khalil, police personnel, shot dead a Syrian soldier outside his home in Damascus last night. The killing was disclosed by Syrian television today. The soldier belonged to the minority Alawite sect whose most eminent member is President Hafez al-Assad.

Sadat warning on cost of failure

BY OUR OWN CORRESPONDENT

CAIRO, Sept. 4

PRESIDENT SADAT of Egypt left for Paris and the U.S. this morning with a warning that failure at the summit could plunge the Middle East back into interminable strife. He said the Camp David talks marked a historic turning point for the whole area.

Cairo newspapers have treated the summit and its build-up with enthusiasm. Authorities have begun at pains not to raise the public hopes too high and despite hectic preparations, Egypt will have little new to offer.

Mr. Sadat admitted as much in a speech yesterday when he repeated that Egypt would not accept a bilateral settlement and would not renounce on what it saw as the rights of the Palestinians.

Foreign Ministry officials make it clear that they are depending on the U.S. to produce a suitable outcome, they are relying on President Carter, "a constant theme."

Officials also say there can be no judging of the outcome of the summit. Nothing short of a

declaration of principles and the beginning of the application of a framework of Israeli withdrawal from occupied territories will be considered adequate. Egypt is prepared to concede any security guarantee Israel may want, short of land.

The stark opportunity presented by Camp David and the consequences of failure were summed up by Amr Mansour, a confidant of Mr. Sadat's, in his weekly article in the magazine October. "Not only does President Carter's future hinge on the success of the Camp David summit, but the future of the United States in the Middle East, in Africa and in the Atlantic Alliance."

"The whole world is watching to see what Mr. Carter is able to do and how the polls in America will judge his performance," says one who governs the American people, Carter or Begin.

Although failure at the summit will offer Mr. Sadat a way out

of direct negotiations and allow him to return to the mainstream of Arab opinion, it will not resolve his domestic problems.

The President has recently clamped down on even the slightest criticism of his proposal to form his own peace party, Mustafa Amin, doyen of the journalistic corps, and a staunch champion of Mr. Sadat's liberation programme, has been banned from writing political articles after suggesting that parliamentarians had been over-hasty in joining Mr. Sadat's new party before they had seen its programme.

Mr. Sadat does not face immediate social unrest, however. The economy continues to make slow but sure progress. But the failure at Camp David will put the President in an even more abrasive mood towards his domestic critics. Such an outcome would not help him springing the constitutional tangle his latest reforms have created.

Although failure at the summit will offer Mr. Sadat a way out

OTHER OVERSEAS NEWS

Thousands may have died in India flood

By Our Own Correspondent

ABOUT 15,000 people are feared to have been washed away by floods in West Bengal in one of the worst disasters in recent years.

Police officials in West Bengal acknowledge that "hundreds of bodies" were seen floating in the swollen Kangsabati and Silabati rivers. The entire sub-division of Ghatal is under water and Ghatal town is under 12 feet of water. The State newspaper is Calcutta, the West Bengal capital, and the death toll could reach 15,000.

Troops have started evacuating Delhi villages and the army has been called into evacuate about 200,000 people from villages near the capital as flood waters of extensive proportions rush down the upper reaches of the Jamuna River.

Following heavy rains, the Jamuna River, nearly 200 miles upstream of Delhi, is already four metres above the 1924 record level of 258.83 metres. In Delhi itself, the level at the railway bridge may touch 205 metres—some three metres over the danger level.

Reuter adds: Although the death toll is still put officially at below 100, State Chief Minister Jyoti Basu described the situation as "terrible."

Helicopter pilots bring rescue missions said that thousands of people were perched in trees or on rooftops.

UN appeal for Thai refugees

BANGKOK, Sept. 4. THE NEW United Nations High Commissioner for Refugees, Mr. Paul Hartling, today called on the international community to do what it could to help ease Thailand's refugee burden.

At present camps house over 114,000 refugees who have fled from Thailand, Laos, Cambodia and Vietnam since the Communists took over their countries in 1975.

Mr. Hartling, former Danish Prime Minister, who took over the post early this year, arrived in Bangkok today at the start of a South-east Asian tour.

Nkomo holds out possibility of more talks with Smith

BY OUR OWN CORRESPONDENT

LUSAKA, Sept. 4

WITH AN uncharacteristic disregard for diplomacy Mr. Joshua Nkomo, the Patriotic Front co-leader, today issued a harsh attack on President Julius Nyerere of Tanzania, one of Africa's most influential leaders. Mr. Nkomo also indicated sharp policy difference with Mr. Nyerere by saying that he did not rule out further contacts with Rhodesian Premier Ian Smith.

Mr. Nkomo is apparently angry at "Tanzania's" role in leaking information about his secret mid-August talks with Mr. Smith and at President Nyerere's statements yesterday that it had now been agreed among the "frontline" group of which the Tanzanian leader is chairman that there would be no further direct contacts with Mr. Smith.

"Who is President Nyerere anyway when it comes to our affairs. He cannot tell us what

to do," Mr. Nkomo said angrily in an interview with foreign reporters. Asked if he would meet Mr. Smith again he replied: "That depends on what conditions. I would do so if Mr. Smith said he wanted to give up and hand over power to the Patriotic Front."

Clearly disputing President Nyerere's version of the present state of Rhodesian diplomacy, Mr. Nkomo said: "Nyerere is not the final authority on what happens in Zimbabwe. We will discuss what next step we can take and that step we think is appropriate we shall take." In the meantime, however, the war would continue.

The Tanzanian leader said in Dar es Salaam yesterday that there had been agreement among the frontline states—Angola, Botswana, Mozambique, Tanzania and Zambia—at a stormy nine-hour summit here last weekend.

that any future peace diplomacy would be conducted through Britain, not directly with Mr. Smith.

But Mr. Nkomo argues that the debate among the now seriously divided black Africans, about their next step is not yet over and will be continued at a further frontline summit in Zambia next weekend.

This seems to indicate that Mr. Nkomo is still prepared to argue to President Nyerere that the secret talks with Mr. Smith did have a chance of success. Mr. Nkomo said at the weekend that Mr. Smith had told him he was ready for a handover to the Patriotic Front guerrillas—a statement that promptly brought a denial from Salisbury and a further denial in public at least between Mr. Smith and Mr. Nkomo, who is co-leader of the Patriotic Front with Mr. Robert Mugabe.

S. African check on work code

BY QUENTIN PEEL

JOHANNESBURG, Sept. 4

ONE of South Africa's principal labour organisations, the multi-racial Trade Union Council of South Africa (TUCSA), is to monitor how well foreign and local companies are following the fair employment practices laid down by their recently announced codes of labour conduct.

The 230,000-member organisation plans to publish a list of British, U.S. and Canadian companies operating in South Africa who fall under the codes.

and call on its 61-member unions to report back on any which do not keep to their standards. The companies are affected by the so-called Sullivan Code of Conduct, signed by more than 100 U.S. companies, and the code drawn up by the nine EEC member governments.

TUCSA also plans to police the adherence of South African companies to their own code of conduct drawn up by the business-sponsored Urban Foundation. All three codes seek to counter

racial discrimination in employment practices, although the South African code is the most vague, and the European the most specific, seeking as it does to promote recognition of unregistered black trade unions.

The TUCSA now follows a similar plan announced by Chief Gatsbaugh, to monitor the conduct of foreign companies, and specifically the suggestion for recognition of black trade unions.

China accuses Vietnam as talks resume

BY JOHN HOFFMANN

PEKING, Sept. 4

THE CHINESE Government has intensified its verbal attack on Vietnam with the public release of a high-level statement accusing the Vietnamese Government of hypocrisy and duplicity.

The statement issued today by the Overseas Chinese Affairs Office of China's State Council denounced the "deliberate engineering" of a border incident on August 25 in which several Chinese civilians were reported killed.

Today's complaint, in stronger language than usual, follows an official government statement last week in Vietnam. Hanoi counter-claimed that China was responsible for the incident.

"China's version is that hundreds of Vietnamese soldiers and police stormed a settlement of Chinese refugees who were waiting on the Vietnamese side of Yuli (Friendship) Pass near Pung-

sheng, in Kwangsi province. At least eight Chinese were killed. Ten thousand refugees were stampeded across the border into China.

The talks, appeared to have failed when the Chinese negotiator, Vice-Foreign Minister Chung Hsueh-sheng, returned to Peking following the August 23 incident. However, Mr. Chung flew to Hanoi again today and the talks are expected to resume.

Sudan in debt move with Kuwait

By Alan Darby

KHARTOUM, Sept. 4

SUDAN, a country with an external borrowing believed to be about \$1.5bn, is seeking to reschedule its debts to Kuwait, payments on which are at present \$56m in arrears.

The Sudanese Minister of Finance, Mr. Osman Hashim Abdel Salam, is to discuss the terms of a draft agreement which has already been drawn up with his Kuwaiti counterpart, Mr. Abdul Rahman Salim Al Atiqi during the meetings of the Economic Council of the Arab League which are to take place in Baghdad from September 10 to 11.

The agreement as now drafted would involve a moratorium on all repayments until March 31, 1979. Repayments of principal and interest would then become due in instalments during the period extending to June 30, 1985.

The first three payments, in March 1979, September 1979 and March 1980, would each be \$5m and would all be payments of interest. The first payment of principal would not fall due until 1981.

Kuwait would allow Sudan to grace on the interest accruing throughout the whole period, full interest at the rate agreed at the time each loan was signed on all outstanding amounts or both capital and interest would be charged during the agreed extended repayment period.

Sudan has for a number of years looked towards friendly oil-rich Arab countries as a source of finance for the development of its vast agricultural potential. Against this background and in view of the country's current balance of payments difficulties, which have come about largely because of excessive borrowings for development purposes, the Sudanese Central Bank is known to view the Kuwaiti proposals as unsympathetic.

The Minister of Finance is therefore expected to take with him to Baghdad a strong recommendation from the Bank of Sudan that he negotiate postponement of interest payments for several years, rather than several months, and a waiver of the condition that interest be paid on delayed interest.

At the end of 1977, Sudan's total indebtedness to Kuwait was KD 72.3m (\$200m).

Moi favourite for new President

BY JOHN WORRALL

NAIROBI, Sept. 4

MR. DANIEL ARAP MOI, Kenya's interim leader, has won a remarkably wide measure of public support for his election next month as President of Kenya, the country's sole political party, the Kenya African National Union (KANU).

Leadership of KANU would assure Mr. Moi of the Presidency of the country.

The major grass roots support for Mr. Moi, which has manifested itself in the past few days, suggests that he will be unopposed for the party presidency at the special KANU conference

on October 6, called to select a successor to President Kenyatta, who died on August 22.

KANU party branches all over the country big labour unions, industrial, commercial, professional and farmers organisations are among those that have expressed the belief that Mr. Moi is the man best able to continue the stabilising policies of the late President Kenyatta.

Most of the resolutions were passed at meetings held all over the country during the weekend. Mr. Moi has taken over as caretaker President for 90 days following Mr. Kenyatta's death.

KENYA'S ECONOMY

Continuity after Kenyatta

BY MICHAEL HOLMAN

"THERE IS a commitment to private enterprise and the laissez-faire system, and no-one is going to rock the boat." Thus responds a senior civil servant to questions on the direction of the Kenyan economy after Kenyatta.

The comment is frequently echoed by many Kenyans, who point out that a new administration's commitment to private enterprise will be reinforced by a system which allows civil servants (apart from the politicians themselves) to pursue business interests.

But must have an important qualification to add. As one businessman put it: "The politicians grabbed when the going was easy, especially land. But now there is nothing more to grab for in coming after us. The crisis of expectations of this group is here already."

The speaker was referring to the categories of backbench MPs ready to articulate dissent, the educated unemployed and under-employed, and the land-hungry, in a category of their own there are those not of the Kikuyu tribe, who rightly or wrongly believe that the Kikuyu dominate key posts in government and the private sector, especially in the financial institutions.

All agree that the new president will have three pressing economic issues to tackle—a serious balance of payments deficit, a worrying rate of inflation, and a commitment to increased defence spending, which may mean cuts in social services.

Among some Kenyans there is concern that, in spite of the urgency of these issues, several months of economic drift might ensue while President Kenyatta's successor sets about securing his political base.

But most doubt this. Firstly, they point out that President Kenyatta played a negligible economic role apart from approving basic principles—unlike President Kaunda of Zambia, for example, or President Nyerere of Tanzania. Hence Mr. Kenyatta's death has little or no impact on the handling of problems which have been occupying the attention of planners and economists for many months.

Further, even if—as is being speculated—the experienced and able Minister of Finance, Mr. Mwai Kibaki, were to become vice-president under Mr. Daniel Arap Moi, he would continue to play a powerful role in the ministerial committee on the economy.

A second key policy-making figure, Mr. Dunstan Ndegwa, is expected to remain as governor of the Central Bank. Behind these men is a generally capable civil service, especially in treasury and planning.

Another indicator of continuity is the understanding that the country's development plan for 1979-83 will be published as intended at the end of this year, and there are unlikely to be any changes.

The theme remains alleviation of poverty through efforts to meet basic needs; and the plan includes a commitment to put more resources into the marginal and semi-arid lands (81 per cent of the country, housing about a

third of Kenya's 14.5m people) to introduce more labour-intensive methods in an effort to increase agricultural production.

In a country of acute unemployment on land there is considerable speculation about whether such measures as land ceilings, placing ceilings on the ownership and dividing up remaining large farms.

Officials acknowledge that such measures could be more than their practical impact later, they say, is the estimates of the number of people who could be employed on subdivided land. But even without members to a family, when it is realised that 3.5 per cent population adds some 500,000 to the nation each year.

Meanwhile the shadow of the 1978 external payment deficit is expected to be a 2K50-40m, more than double the 1977-78 deficit. One result is that Kenya is expected to draw from the national Monetary Fund (IMF) SDR 17m first credit line this year, rather than the 1977-78 deficit of 100,000 tons of coffee crop, from 100,000 tons in 1977-78, and an export of 75,000 tonnes in 1978-79.

UK official reserves fall to \$16.4bn

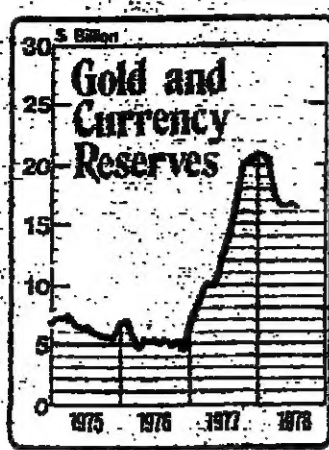
BY DAVID FREUD

THE UK's official reserves fell last month by \$330m to \$16.4bn, mainly as a result of early repayment of overseas debt and departmental transactions.

Official intervention in foreign exchange markets appears to have been limited to day-to-day smoothing operations, leaving the exchange rate to be determined by fluctuations in the supply and demand for sterling.

A Treasury spokesman released yesterday said that net loan repayments amounted to \$170m, leaving an underlying fall in the reserves of \$180m. A significant proportion of this drop is attributed to undisclosed official transactions.

Two official loans were repaid yesterday, in line with Government policy to smooth out the repayment of foreign debt. The repayments were for a \$100m loan to the National Water Council and a \$70m loan to the Electricity



\$330m. The National Water Council borrowed \$20.5m and the Civil Aviation Authority \$12.5m.

Mr. Denis Healey, the Chancellor, said last month that \$4.5bn of foreign official debt would be repaid this year, of which \$3.5bn would be repaid ahead of time.

Sterling fluctuated sharply over the month, mainly reflecting changing market sentiment towards the dollar. Closing sterling/dollar rates varied from \$1.9810 to \$1.9270. At one time in the middle of the month the rate was briefly just over \$2 for the first time since March, 1977.

The changes against the dollar accounted for most of the variation in the trade-weighted index. This fluctuated from 62.2 to 62.7 and ended the month at 62.4 compared with 62.3 at the beginning.

The authorities appear to have confined intervention to smoothing operations in both directions.

Government is urged to stop ship sales abroad

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

A PLEA for the Government to stem the tide of sales of modern British ships to foreign owners during the shipping slump came yesterday from Reardon Smith, one of the largest British shipowners.

Reardon Smith, which reported a pre-tax loss of £12.4m on a group turnover of £24.6m, said it was "deeply concerned" by the sale of modern British ships to foreign owners.

The company's annual report, published yesterday, disclosed that the book value of Reardon Smith's fleet has been reduced by £8.9m in the expectation of more foreign sales at depressed prices.

Mr. C. R. Chatterton, the company chairman, says the group has agreed with its bankers a "gradual reduction in gearing" which will involve selling more ships, restricting on capital construction, and paying only for the dividends and adjustment to security supporting loans.

Reardon Smith recently agreed with its bankers, with the aid of the Government's shipbuilding moratorium plan, a re-scheduling of loans.

Mr. Chatterton writes that in view of the importance of the shipping to invisible earnings the Government should ensure that the sale of modern British ships to foreign owners does not continue.

This year the British fleet is thought to have suffered a net reduction of about 60 ships.

Brief resurgence

The amount of world shipping laid up because of the chronic depression in the industry decreased slightly last month as some owners reactivated vessels to take advantage of a brief resurgence in oil-tanker freight rates.

Figures from the General Council of British Shipping say 4 per cent or 56,500 deadweight tons of the world fleet was laid up at the end of July, a reduction of 0.5m dwt on the previous month.

The UK fleet continues to show above-average lay-up figures. At the end of July, 11 per cent were idle, an improvement on the record 13 per cent at the end of June. Again, changes in the tanker market account for most of the pick-up.

Sweden continues to be the worst affected of the major maritime nations, with 35 per cent of her fleet laid up by weight, followed by Norway (29 per cent) and Denmark (24 per cent).

The improving trend in the latest statistics is unlikely to be maintained, as oil-tanker freights have slipped back from their higher levels in early August.

According to shipping sources in London, a resuscitation of freight rates in response to these better rates has virtually ceased.

ICI will spend £21m more on soda ash plants

By Kevin Don

IMPERIAL Chemical Industries is to invest a further £21m at its soda ash plants in Cheshire.

The investment forms an important part of its plans to spend more than £80m in the next three years to modernise and replace ageing plant at the three soda ash works at Lostock, Warrington and Warrington.

ICI is a near monopoly supplier of soda ash to UK industry and has a total production capacity of about 1.5m tonnes. Slack demand this year, especially from the glass industry, has meant that investment has been working at only about 53 per cent of capacity.

However, ICI is engaged on a major programme of investment in this sector to revitalize its manufacturing base. The average age of its plant is between 25 and 30 years old, but some parts of them are more than 50 years old.

The company is spending £25m a year for the next three to four years and expects to continue with a high level of investment in this sector after 1981, provided that there is an adequate return.

In April this year ICI was given permission by the Price Commission to increase its soda ash prices by £3.50 per tonne, following a six-month investigation into its price application.

An attempt by the Commission to hold back soda ash prices temporarily was overruled by Mr. Roy Hattersley, Prices Secretary.

The company said that any temporary restriction "would have cast doubts on the justification for the substantial investment planned for this product."

Reliable

However, the capital expenditure programme is going ahead. The latest investment of £15m is to be spent on the Warrington works, for new building, modernisation and the replacement of obsolete equipment.

The construction work should lead to more reliable production of soda ash at lower cost, and more efficient use of energy, ICI said.

It was also expected to help maintain the company's competitiveness, particularly in export markets. Fifteen per cent of sales go overseas, where increasing competition is being met from soda ash produced in the U.S. from natural alkali deposits.

About £3m is being spent on the Lostock factory and a further £3m is expected to be sanctioned later this year for the Warrington works.

Boeing jets could bring in millions for UK companies

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH COMPANIES could win orders worth several hundred million pounds over the next 10 to 15 years on the new Boeing family of jet airliners.

This is in spite of the fact that the nationalised British Aerospace Group does not at present intend to take up the original offer from Boeing of collaboration on the 737 airliner development programme.

Mr. Malcolm Stamper, president of Boeing said at the Farnborough Air Show yesterday that Boeing would need partners and suppliers for all three of its new family of jet airliners. These are the 737 twin-engine narrow-bodied and 747 twin-engine wide-bodied short- to medium-range airliners, and the 777 three-engine aircraft.

Boeing also expects to reach agreement soon with Japan on a 15 per cent participation in the development and production of the 737 airliner. This would be along similar lines to the recent agreement with

Boeing made it clear that although British Aerospace is at present more interested in re-joining Airbus Industrie to help build the A-130 version of the European Airbus, U.S. manufacturers felt other equipment, component and aviation electronics companies in the UK had much to offer Boeing for its new airliner programmes.

Boeing also made it clear that it expected to be able to announce further orders for the new 767 and 737 airliners before the end of this year.

Worldwide sales talks had intensified in the last week or so, and airlines such as American and Delta were believed to be close to decisions.

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New R-R titanium fan blade unveiled

By David Fishlock, Science Editor

THE HOLLOW titanium fan blade, developed by Rolls-Royce as an alternative to the carbon fibre blade which failed to meet the company's own specifications for the RB 211 turbo-engine in the late 1960s—and helped to bring about the collapse of the company—makes its public debut at the Farnborough airshow this week.

The new fan blade, if it replaced the solid titanium forgings at present used in the RB 211 engines, would be cheaper to manufacture and would reduce fuel consumption by at least 1 per cent.

This alone is a powerful incentive to airlines faced with the likelihood of rapidly rising fuel costs.

Rolls-Royce is not committing the resources—estimated at several million pounds—needed to manufacture the hollow fan blade until there is specific airline demand, but it has undertaken to make blades for demonstration engines.

The new blade, which spins at 6,000 revolutions per minute, and each of which dissipates over 1,000 hp, is bigger than its forged counterpart. It is made from chemically milled titanium sheet, brazed with a titanium honeycomb filling.

Obstacle

The saving in weight from using the blade in the RB 211-22B engine would be 134 lb per engine.

But the obstacle to introducing a novel form of such a critical component, especially in view of the company's experience with carbon fibre blades, is the risk of an unforeseen problem with a relatively untried material.

Confidence in the forged titanium blade is now high—particularly since an incident last month when a 6 lb vulture was ingested by an RB 211 engine over California without damage to the engine.

The carbon fibre blades had failed to meet the Rolls-Royce specification that the engine should be able to ingest a 4 lb bird without damage.



SIR HERMANN BONDI

to tackle any situation which might be foreseen.

But his scepticism about human foresight made him doubt how far one might develop the

robot. His faith lay in the idea of having a man "in the loop"—on the surface but provided through electronic systems with all the feelings of being on the spot.

Already the engineer had demonstrated, with his development of logic, data processing and presentation systems, that there were no engineering limitations to a solution to such problems as the remotely controlled, deep-sea diver. The basic problem lay in understanding man himself better, in order to get the best performance out of the man. And here, said Sir Hermann, "we have not quite scratched the surface yet."

But a better understanding of man was not without its own dangers, he warned. Today we could shrug off the efforts of the advertising industry to influence us because its effectiveness was "rather modest." But that was because it did not understand the human mind at all well. Once it did, its ability to manipulate the human mind could be very dangerous.

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Already the engineer had demonstrated, with his development of logic, data processing and presentation systems, that there were no engineering limitations to a solution to such problems as the remotely controlled, deep-sea diver. The basic problem lay in understanding man himself better, in order to get the best performance out of the man. And here, said Sir Hermann, "we have not quite scratched the surface yet."

But a better understanding of man was not without its own dangers, he warned. Today we could shrug off the efforts of the advertising industry to influence us because its effectiveness was "rather modest." But that was because it did not understand the human mind at all well. Once it did, its ability to manipulate the human mind could be very dangerous.

But his scepticism about human foresight made him doubt how far one might develop the

robot. His faith lay in the idea of having a man "in the loop"—on the surface but provided through electronic systems with all the feelings of being on the spot.

HOME NEWS

Restrictive practice agreements rise to almost 300

BY OUR CONSUMER AFFAIRS CORRESPONDENT

A FURTHER 13 restrictive practice agreements in the construction and road building materials industry were yesterday put on the Office of Fair Trading register of restrictive practices.

This brings the total number of restrictive practice agreements in the construction industries to almost 300. It is believed that over a 1,000 unlawful agreements may exist and will eventually be put on to the register.

The agreements registered yesterday were nine for the pricing and supply of dry and coated stone materials, and four in the supply of "blacktop" road surfacing.

The nine stone agreements cover 31 new parties also broadly involve companies colluding on prices and specifications as well as allocating specific geographical areas of business.

The four new blacktop agreements bring the total to 12, relate to coated limestone and hot rolled asphalt.

Although the agreements were formally put on the restrictive practices register yesterday they have already been ended by the companies involved. Under the Restrictive Trade Practices Act, companies can register agreements and then continue with

Machine tool industry 'not a lame duck'

By Our Industrial Staff

THE MACHINE tool industry does not deserve its "lame duck" image says a report, published yesterday, which analyses the performance of 80 of the leading companies over three years.

If the State-owned, trouble-hit Alfred Herbert is excluded, profit margins were 3.8 per cent, 5.8 per cent and 6.9 per cent in the three years ending October 1977. The industry's real weakness, states the report from ICC Business Ratios, "is its erratic yearly performance at the individual company level." Only five companies achieved a rate of return on capital consistently above 15 per cent.

During the 1975-77 period, the value of the 80 companies' sales rose 42.9 per cent. The total is depressed by the inclusion of Alfred Herbert which accounts for about 16 per cent of it and which achieved an average sales growth rate of only 12 per cent.

The size of Herbert also affects the return on capital statistics. With Herbert included the 80 companies made an average return of 2.1 per cent, 1.3 per cent and 10.5 per cent over the three years.

When Herbert is excluded, the figures are 7.2 per cent, 11.1 per cent and 13.7 per cent respectively.

The report also illustrates the reduction of capacity in the industry. This is partly shown by the drop in the number of employees—2,000 to 1,900 over the three years—among the 80 companies. For the industry as a whole the reduction was from a peak of \$1,000 in 1971 to just over 50,000 today.

The total fixed assets of the companies are 7.2 per cent above 17.5 per cent increase over the period, a rate substantially below the rate of inflation.

Machine Tool Manufacturers, 84 City Road, London EC1Y 1BD.

Courtaulds to hold £50,000 tennis contest

COURTAULDS Knitwear announced yesterday plans for a £50,000 international tennis tournament to be held in Nottingham between June 11 and 17 next year. It is to be called the Courtaulds Knitwear International and played at the Nottinghamshire Lawn Tennis Association's headquarters.

The three-star Grand Prix event will count as part of the Cologate Grand Prix tournament and is expected to attract the world's leading stars, including Björn Borg and Jimmy Connors.

Courtaulds, which employs 13,000 people in the Midlands, plans to ask its companies to design a collection of tennis sportswear for the tournament.

Candidate for Cardiff West

DR ALUN OWEN has been chosen by the Welsh nationalist party, Plaid Cymru, to contest Cardiff West against the Speaker of the House of Commons, Mr. George Thomas, at the next general election.

Dr. Owen is head of the science department at Rhydol-felen School, Pontypriid, Mid Glamorgan. His candidature represents a break in parliamentary tradition as the Speaker is not usually opposed.

Science awards

FIVE ROYAL Society Leverhulme Studentships have been awarded for 1978. The awards are to enable young scientists graduates of high quality from British universities to gain practical experience of scientific problems in countries outside Europe and North America. The studentships are financed by grant from the Leverhulme Trust Fund.

Britain 'needs more research scientists'

BY DAVID FISHLOCK, SCIENCE EDITOR

STRONG PLEAS for an increase in scientific inquiry and for more researchers were made by Professor Dorothy Hodgkin in her presidential address to the British Association for the Advancement of Science in Bath last night.

Prof. Hodgkin, speaking in Bath Abbey at the start of the annual meeting, said Britain compared poorly with its main trading rivals for numbers of research scientists.

The U.S. had 25 research scientists per 10,000 population, Japan 23, West Germany 19, France 11, and the USSR 38. But Britain had only 10 per 10,000 people.



Professor Dorothy Hodgkin

War-time experience, she said, showed that "many unexpected people could do skilled scientific work if suitably trained and selected." Britain needed to draw more young people into research—and more women.

Prof. Hodgkin, a fellow of Wolfson College, Oxford, won the Nobel Prize for Chemistry in 1964 for her use of X-ray crystallography to unravelling the structure of complex molecules.

She quoted one of the founders of the British Association as foreseeing the need for a new, more broadly-based society to give a stronger impulse and a more systematic direction to scientific inquiry.

In her address on Discoveries and their uses, she reviewed a

number of seminal scientific discoveries—penicillin, the structure of insulin, the electron microscope, X-ray crystallography, and the Babbage calculating engine.

"New beginnings have come from anywhere and everywhere, often unexpectedly," she said. "Often very important discoveries have been made by the young as almost their first piece of research."

But some critical advances were made by the old—and she cited as an example J. J. Abel, who first crystallised insulin at the age of 67.

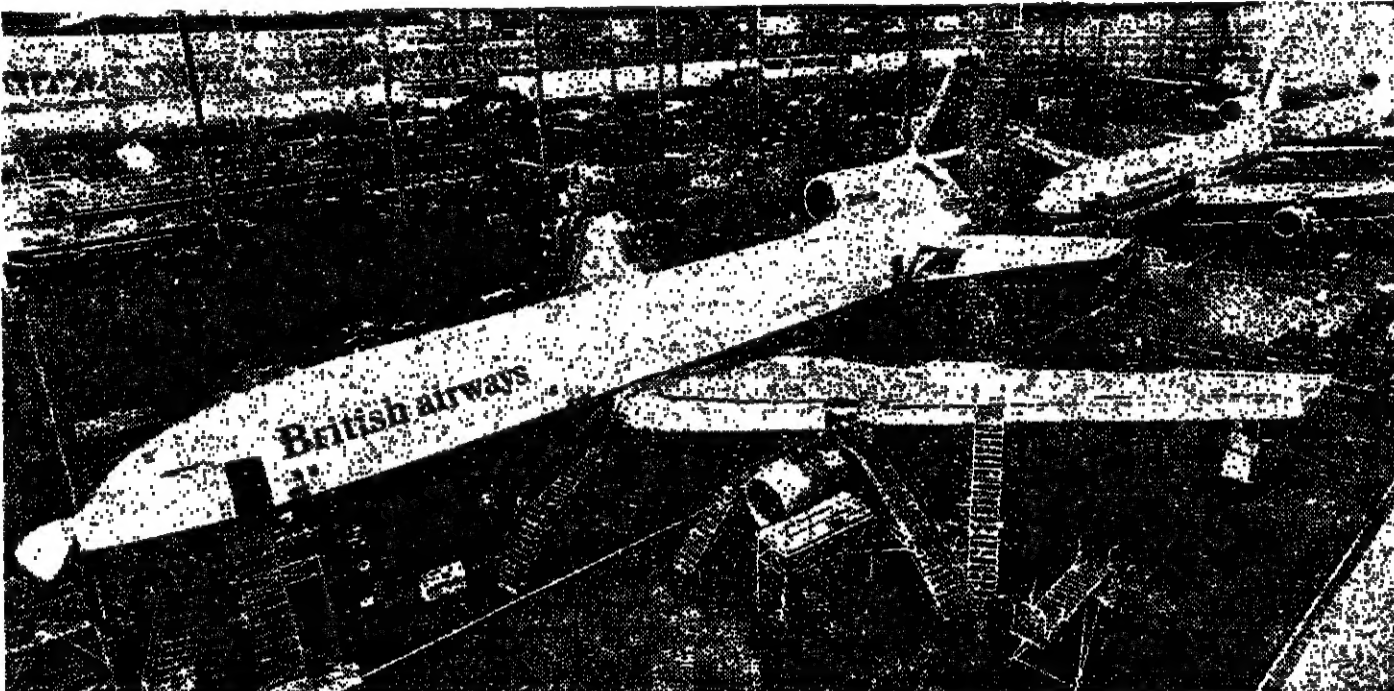
Prof. Hodgkin quoted a recent statistical evaluation of the scientific papers which had contributed to a series of advances in clinical medicine. Of the 529 papers, 62 per cent were reporting "basic research."

A generous proportion of a nation's expenditure on biomedical research should be devoted to long-term research on how living organisms functioned. In general, basic research paid off twice as handsomely as all other kinds of research and development combined.

Prof. Hodgkin continued: "If we think of the lines of research I have outlined in terms of the time it takes to reach a conclusion, take the case of insulin in treating diabetes. It is effective, it keeps patients alive. There are ways in which its day-to-day operation could be improved."

"But its use is at best very painful, imperfect medicine. If we knew in all fundamental detail how insulin acts to control our metabolism we might be able to devise far better methods for treating the different disorders associated with diabetes, blindness for example, which insulin injections only very imperfectly control."

"With the growth of scientific knowledge we seem to have come a very long way. For a moment we stand amazed and delighted until we start to think of how much more we should like to know."



Aphelia Airlines

Minister backs co-operative

FINANCIAL TIMES REPORTER

THE CONCEPT of a fishing co-operative being set up at Milford Haven to save the trawling industry at the last commercial fishing port in Wales received the support of Under-Secretary, Mr. Alec Jones Welsh Office yesterday.

At the end of 90-minute talks with the Pembrokeshire Labour Party's industrial subcommittee, which has put forward the scheme, Mr. Jones expressed enthusiasm for a plan he described

as the only one that met the Milford industry's needs.

The constituency Labour Party's concept is that the port's dwindling fleet can be kept at sea by giving skippers and crews a chance to buy the boats on which they make a living.

Control of the fleet would be transferred from the trawling owners to a fishermen's co-operative, with the Government providing financial backing.

Today, the White Fish

Authority will start compiling a report for the Welsh Office on the viability of the Milford industry.

This report, together with the Labour Party's proposals, will be considered together by the Welsh Office to decide whether financial aid can be provided for the co-operative scheme.

Tories hope for Brecon win after Liberal row

BY ROBIN REEVES, WELSH CORRESPONDENT

CONSERVATIVE hopes of winning the Welsh marginal constituency of Brecon and Radnor from Labour at the next General Election have been boosted by a major row in the local Liberal Party.

The Welsh Liberal Party's executive committee has decided to expel the local Liberal Association because of its decision not to fight the seat.

Instead, it is backing the Brecon and Radnorshire Liberal General Election Committee, a breakaway group formed by local members wanting a contest.

In the October, 1974, election, Mr. Gerwyn Rudnick, held the seat for Labour with a majority of little more than 3,000 over the Conservative candidate. The Liberals polled over 7,500, or 17.5 per cent of the vote, in a four-cornered fight.

Even before the Liberal row, Brecon and Radnor was regarded by the Conservatives as offering the best hope for increasing their representation in Wales.

The Tory candidate is Mr. Tom Houson, cousin of Mr. Enlyn Houson, Liberal MP for the neighbouring Montgomery constituency.

Island in Orkney for sale

PAPA STRONSAY, a small island in Orkney, is up for sale. It is situated in the North Sea 20 miles from the county town of Kirkwall, and lies alongside the larger island of Stronsay whose population is 400.

Papa Stronsay itself, which is uninhabited, is less than a mile across. On it stands just one stone-built house and there is a pier and also a freshwater loch.

The 166-acre island is owned by a Shetland farmer, Mr. Brian Anderson, of Lerwick, and is used for grazing sheep. At one time it was busy during the herring season but now huts of the former fish-curing station are derelict.

One of the Earls of Orkney in the Norse period, Rognvald Brusson, met his death on Papa Stronsay one night in December 1046—betrayed by the barking of his pet dog.

Train to seek new industry for Irvine

IRVINE NEW TOWN, Ayrshire, has hired an exhibition train in a bid to attract more industry.

The train, which features exhibits by 35 of the 170 Irvine companies, will visit Manchester, Nottingham, Birmingham, Coventry, Slough, Reading, Beckenham, East Croydon and Southampton over the next ten days.

Before the train sets off on its campaigning journey, Irvine Development Corporation's chairman Mr. Forbes Macpherson announced that the corporation is to build three factories costing a total of £1.5m.

HMSO move

THE HEADQUARTERS of Her Majesty's Stationery Office, under its controller, Mr. B. M. Thimont, is to move from London to Sovereign House, Boleyn Street, Norwich, next Monday.

Imperial Tobacco survives price war

By Our Consumer Affairs Correspondent

IMPERIAL TOBACCO, which owns the John Player and W. D. & H. O. Wills brands, believes it has weathered the worst of the price cutting war launched by R.J.T. Industries and its State Express brand earlier this year.

Imperial's market share through its two subsidiaries had slumped earlier this summer to about 54 per cent, down from 62 per cent a year ago according to trade sources.

But since then, Imperial estimates its market share has increased by several percentage points to re-establish its place as market leader.

The price-sensitive market for cigarettes has been upset since BAT earlier this year launched its State Express 555 brand at a heavily discounted price. However, from the middle of this month the price will go up to 55p for a packet of 20, bringing it more in competition with the other king-size brands.

Meanwhile, the Action on Smoking and Health pressure group (ASH), yesterday reminded smokers that those smoking higher-tar cigarettes will have to pay up to an extra 7p in tax. This had been announced by the Chancellor in his April Budget. Ash believes that the higher prices will force smokers to adopt lower-tar cigarettes.

EEC 'needs community spirit'

Financial Times Reporter

THE EUROPEAN Economic Community will survive only if it steers through economic crises as a community rather than as a national basis, Sir Con O'Neill, who was Britain's top negotiator for EEC entry, said yesterday.

Sir Con, who as well as leading negotiations for EEC entry from 1969 to 1975, was also director of the British in Europe campaign from 1974 to 1975, said that the EEC was "too important to all its members for any of them to leave or desert."

He said: "Worsening economic crises might threaten the EEC, but only if national pressures for trade protection take precedence over community action."

Speaking at the 31st annual congress of the European Society for Opinion and Marketing Research, Sir Con said three major factors would condition the development of the community: the directly-elected European Parliament beginning next June; extending the EEC to Greece, Portugal and Spain within the next five years; and the development of Economic and monetary union.

The next decade would bring more non-economic policies in international affairs to the Community—European defence being one of the more important topics, according to Sir Con.

The Community moves slowly, he said. "Any move will move more slowly still when there are 12 instead of Nine. But it is right that it should move slowly... and move it will continue to do in the 1980s."

Home schemes started

AN IMPORTANT landmark was reached in Northampton's expansion yesterday when work began on the first housing in the town's southern development area.

Two schemes, providing more than 600 rented homes, started simultaneously at Briar Hill and Camp Hill. Although some roads, sewers and street lighting have already been laid, this marks the beginning of the area's building programme.

Briar Hill, which will have 302 homes, will be on a site close to existing borough council housing, and will be built by Holland, Hannon & Cubitts (Midland) Camp Hill, with 304 homes, will be built by Robert Marriott, the Rushden-based member of the French Kier Group. The two schemes together represent contracts worth about £7.1m.

Liverpool port profits fall to £1.78m

BY RHYS DAVID, NORTHERN CORRESPONDENT

THE CONTINUED world recession has caused a sharp fall in profits at the port of Liverpool—down in the first six months of this year to £1.78m before tax, compared with £3.26m in the same period last year.

A further marked downturn in the second half as a result of various trading factors and the cost of voluntary severance schemes now being put into effect, is forecast by Sir Arthur Petersen, chairman of the Mersey Dock and Harbour Company.

The main problem continues to be a shortage of general cargo, with ports throughout Britain fighting for a share of diminishing trade.

Request

A request for government aid towards this prospect is being examined by the Department of Transport, and it is hoped decision will be made within the next two months.

The first half was also helped by higher than expected oil shipments through Shell's terminal at Tranmere as a result of difficulties the oil company is still experiencing at its Anglesey terminal. This is not expected to continue into the second half, however.

Total operating revenue at the port in the first half of 1978 was £22.1m, against £20.7m in the first half of 1977 and £22.7m last year as a whole.

Rewards in offing for oil innovators

BY OUR SHIPPING CORRESPONDENT

AT LEAST half the undiscovered oil in the world is underwater, offering big rewards to manufacturers and designers in the offshore field, a senior British Shipbuilders executive said yesterday.

Mr. Jolyon Sloggett, who is responsible for British Shipbuilders' marketing in the offshore world, said that the rewards would go to the innovators and those who took the opportunities now appearing would benefit in the future.

Mr. Sloggett, who was opening the third international offshore craft conference in London, said that the offshore exploration moved into deeper and more difficult waters, new types of hardware would be needed.

Fixed platforms, for example, would be replaced by floating structures, supply craft designs would change dramatically, and a suitable passenger-carrying vessel would be developed. It would find a ready market, British Shipbuilders, mean-

while, expects to announce in this month a long-awaited contract for two container ships for Bank Line and Euro Witty for their New Zealand trade. These contracts are likely to go to Smith, Teesside, and Swan Hunter.

Institute joins working party

THE INSTITUTE of Chartered Secretaries and Administrators has accepted an invitation from the Department of Trade and Industry to join the Advisory Working Party Europe, which will consider main issues likely to arise during negotiations on the draft Seventh Directive.

Among the other organisations invited to contribute to the stock exchange, the Institute of Chartered Accountants, and the Bank of England.

Ebbw Vale factories offer 250 new jobs

BY OUR WELSH CORRESPONDENT

EFFORTS to attract new jobs to Ebbw Vale, the south Wales valley, are being helped by British Steel's closure programme, are paying off. In the past few days three manufacturing companies have decided to take up Government advance factories in the area, which should eventually provide a total of 250 new jobs.

LCR Components of Tredegar, which supplies the electronics industry, has bought from the Welsh Development Agency a 40,000 sq ft factory at Williams town, where the company expects to employ about 200 people as part of the expansion of its plastics division.

A 10,000 sq ft advance factory at Brynmawr has been let to Delmar Tuboform—a newly-created subsidiary of Delmar Rubber and Plastics of Crawley—which will make flexible expanded polyethylene extrusions for insulating. Employment at the factory is due to build up to 35 people after three years.

Hugh Phillips Engineering of Abergavenny, which manufactures parts for steam engines and exports them all over the world, has been allocated a 30 sq ft advance factory at Taffarnbach. In order to expand.

About 2,000 steelworkers were made redundant at Ebbw Vale earlier this year under British Steel's programme of accelerated steel closures in an area already suffering above-average unemployment.

£8m. scheme at colliery

THE National Coal Board yesterday that approval has been given for the second stage of development project, costing £8m, to mine 3 million tonnes of coal at Three Colliery, Edwinstowe, Nottingham, which has reserves to last 50 years.

The first phase of the 3½ year programme was completed in 1976 and now a £3.7m scheme to drive a third tunnel into the Parkgate seam has been approved by the board.

Opencast mining protest

PROTEST GROUPS in Cumbria are demanding an all-party committee of MPs to examine opencast mining legislation.

After their first joint meeting the groups have called on the county councils planning committee to question the National Coal Board's "arbitrary" target of 1m tonnes a year production

and this has brought more against its installation. Surveying office reports in the major provincial offices, John Lang Wootton shows that Nottingham, at between £2.75 a sq ft, remains the cheapest city for accommodation.

Birmingham, Bristol, and Manchester have rents of £2.50 a sq ft and this rises to £3.75 a sq ft in Southampton, £4 in Cardiff, £4.75 in Leeds, and £5 in Reading, the favourite London relocation centre.

Concorde passes landing test

THE Civil Aviation Authority has cleared British Airways' Concorde to land with automatic equipment in poor visibility down to 250 metres.

The equipment, guiding aircraft to the runway, was completed at the end of last year.

Concorde's first landing test was on August 28, when it landed at Heathrow with a simulated engine failure.

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FINANCIAL TIMES REPORT

Tuesday September 5 1978

Irvine New Town

The old and the new

By Ray Perman

Scottish Correspondent

MOST NEW towns are built on "greenfield" sites. The term evokes an image of open countryside, a virtual blank on which planners can give full rein to their imaginations, constrained only by the need to conserve a clump of trees here, or an historic church there. The birth of Irvine 12 years ago could hardly have been more different.

The designated area does include former farmland and a ruined castle, but the character of the area before the Development Corporation was established had been formed by the rise and decline of heavy industry rather than by centuries of rural use. By the mid-1960s Irvine and the immediate surrounding area of North Ayrshire had seen more industries come and go than most other parts of Britain: shipping, shipbuilding, textiles, mining, iron ore smelting, heavy engineering and chemical manufacture—all had left their marks.

The town of Irvine—actually a Royal Burgh granted its charter in the early 13th

century—was already well-established and, with Kilwinning, which is also within the designated new town area, had a population of 33,000.

The challenge set to Irvine Development Corporation was not to create something from nothing. It was to build a new and dynamic community from one which was old and decaying. It is fair to say that the raw material was very unpromising indeed: a tract of coastal land scarred by economic and social dereliction almost comparable to that in the inner cities. In some cases slag heaps had been overlaid with sterile chemical waste and in others what looked like good green land was found to be so undermined by shafts and galleries that it was useless for intensive building.

But if the beginning was so daunting, then the achievement is that much more impressive. Irvine is still a young town and there is obviously a long way to go. The immediate impression given by the town centre is of old buildings rather than new. But a great deal has already been done.

The old town centre has been transformed by a by-pass which has taken out through traffic and by a new covered shopping arcade which spans the river and Irvine. The spoil heaps have been removed, or covered with topsoil and planted. One of the worst areas of dereliction is now a green park leading to a sandy beach several miles long which was previously inaccessible and so unused. The harbour—owned by ICI, which has a manufacturing complex nearby—shelters small pleasure craft and the town boasts one of the largest leisure and sports centres in Britain.

New housing has brought the population up to 38,000 and unemployment is now consistently lower than in the sur-

rounding towns of North Ayrshire. The old industrial estate, abandoned by the Royal Ordnance, has new and successful occupants and there is a wide range of industry on estates built by the Development Corporation.

Even the undermined area has been put to good use. It may be unsuitable for building on any scale, but it is fine for golf courses and low density housing.

Housing

Target populations are 64,300 by 1981 and 80,700 by 1983 and so far the progress towards these figures has been good. The Development Corporation has provided some 3,700 new homes, with another 1,500 provided by the local authority and 1,300 by private builders. Altogether 350 more should be completed this year, two-thirds of them by contractors for the Development Corporation.

The town's raison d'être is to improve the quality of life and environment for the people of North Ayrshire. Certainly those living and working in the new town have benefited greatly from its growth. Housing statistics show that families enjoy a high standard of living: 83 per cent of those in Irvine own a refrigerator, compared with 30 per cent in Scotland as a whole and only 71 per cent in the UK. Some 15 per cent own a deep freeze, more than twice the UK average. 95 per cent own a washing machine, and 51 per cent have a telephone.

There has been less success, however, in maintaining the level of employment and this must partly be due to the fact that there is a lot of travel in and out of Irvine to work. In February this year, for example,

the unemployment rate was estimated at 12.8 per cent for the new town, compared with 9.9 for the Strathclyde Region and 8.9 for Scotland as a whole.

The town is moving, hesitantly towards its goals, but all has not been plain sailing in its history. Grafting a new town on to mature communities meant that there were strains between the new and old populations that took time to overcome. Now each is conscious of the advantages brought by the other. And there was an early setback in the housing programme when a large building firm went into liquidation as a result of its overseas losses and left 450 houses uncompleted.

In the town's short life it has experienced only a brief period when the UK and the world economies were booming but had to endure several years when investment has been scarce and constraints on public spending severe. Between 1970, when promoting the town as a location for industry really got under way, and 1973, things were booming. Some 200,000 sq ft of advance factory space was built and let before completion without difficulty, in 1973.

Since then times have been a little more difficult. "We can no longer just take inquiries as they come in," comments Mr. Mike Thomson, Irvine Development Corporation's commercial director. "Since 1973 the picture has completely changed and most of our efforts are directed to getting out to see industry and to chasing every possible lead."

But there are signs that prospects are looking up again. Since the beginning of the year Mr. Thomson's department has noticed a renewed confidence from industry. "Companies are actually arriving unannounced and asking to have a look round and we have noticed some firms who were here a couple of years ago but then shelved their plans for coming back to see us."

In the first six months of this year around 100,000 square feet of advance factory space was let to companies which will provide about 400 jobs. That figure is almost twice the area let in the same period last year and is only slightly below that let in 1973. Most of the new space is being taken by companies already established in Irvine who are now ready to expand, but there are also companies moving in.

But Mr. Thomson acknowledges there is no room for complacency. Adult unemployment in the town now total around 2,800.

Irvine may also have a job to do outside its own borders. Unlike many other new towns in rural settings which have clearly defined limits, Irvine is surrounded by other, older towns. In this context the new town designation area is a mere official convenience. The Development Corporation has never regarded itself as anything but a part of the wider North Ayrshire community.

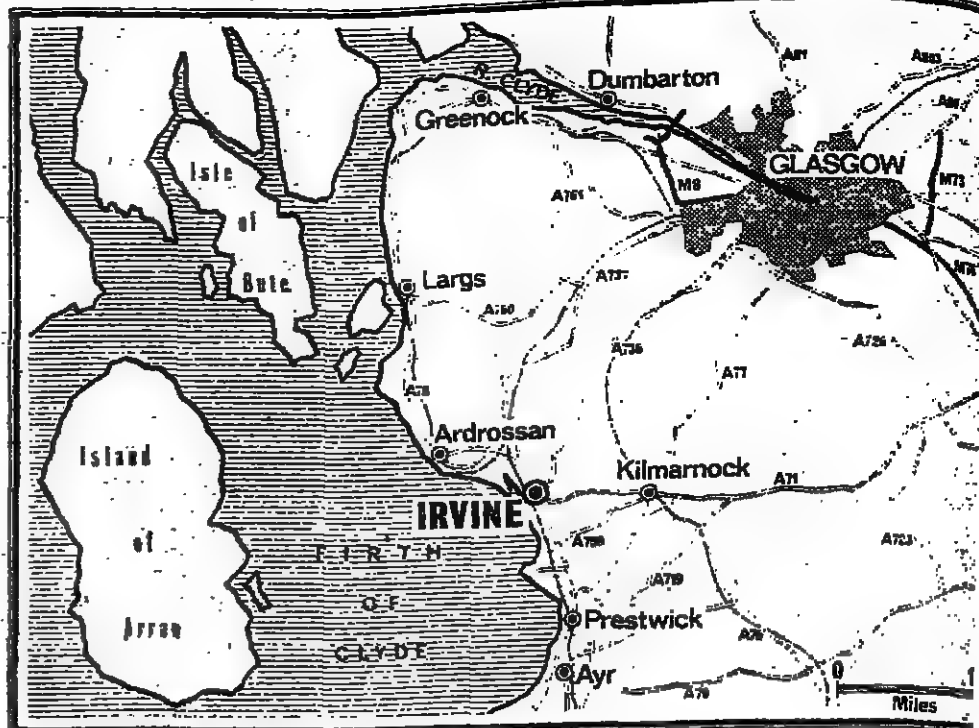
The area has undergone some savage turns in its fortunes in recent years. The massive steel complex, planned for Hunterston, a few miles up the coast, which has been the Holy Grail of the Scottish trade union movement for years now seems to be a non-starter, and uncertainty hangs over the fate of the Glengarnock steelworks. The loss of around 750 jobs seems certain, but the future of the remaining 350 in the plant is far from secure.

Both district and Strathclyde Regional authorities have been busy trying to find replacement industries to bring new life to this depressed area and their efforts may be bearing fruit.

Relations between the town and neighbouring district authorities are good, as evidenced by the co-operation over the building of the Magnum Leisure Centre. But the atmosphere has recently soured

between the new town and Strathclyde region. The cause is a number of statements made by politicians about the role of new towns in the development of the west of Scotland. The cancellation of the Stonehouse new town project and the transfer of resources to rehabilitating the East End of Glasgow has been seen by some as a precedent for future action against other new towns.

This seems to be an over-reaction, both by the critics and the defenders of the new towns, and the damage done by the political bantering appears to be illusory. As long ago as October 1976 Mr. Gregor MacKenzie, Minister of State at the Scottish Office, reaffirmed the Government's commitment to the five existing Scottish new towns and more recently this was repeated in the comments of the Secretary of State for Scotland, Mr. Bruce Millan, in his comments on the Strathclyde regional report.



The weak links

ON THE face of it, communications to Irvine New Town could be seen as a weak link for growth with the nearest motorway 20 miles away, no port facilities to speak of despite its coastal position and a rail system which has been stripped of much of its goods potential.

The town's industrial structure belies that impression with a major vehicle manufacturer's spare depot offering 24-hour delivery anywhere in the UK or Eire, an internationally respected research laboratory catering for customers in 30 countries with a 48-hour maximum transit time, a number of industrial suppliers to the oil industry and even a local newspaper group covering towns throughout the West of Scotland which is setting up its central printing centre in the new town.

Irvine's road system has been the major bugbear of Irvine's planners since the establishment of the new town and if industry has remained relatively unconcerned and very little inhibited by it, the state of the road-building programme has been a constant preoccupation for every other development.

Originally, Irvine New Town was designed completely round a central spine and planning was well advanced before the Corporation's geologists discovered that the town was riddled with old mines. This meant a virtual re-design of the by-pass road to accommodate different access points for the new development plan.

At the southern end of the by-pass where an extension would have given a dual carriageway link from north of Irvine to Prestwick Airport and to the main Ayr-Glasgow road, funds for the three-mile link were set aside six years ago, but the scheme ran into local difficulties in deciding the line of the road and because the scheme was not completed before regionalisation of Scottish local authorities.

The key links for Irvine are, however, east through Kilmarnock to the main motorway network and north to Glasgow and both these links have been affected by the complete reappraisal of the structure plan for the Strathclyde Region.

Under the plan, Irvine and North Ayrshire is accepted as a growth area, partly because of Irvine New Town, partly because of the industrial importance of its neighbouring towns of Kilmarnock, Ardrossan, Saltcoats and Stevenston and finally because of the potential importance of the Hunterston Peninsula as a major industrial generator for the West of Scotland. Hunterston is 12 miles north of Irvine and while its

development as a major steel-making centre has been postponed indefinitely, it is still a major power generation centre and will have the largest ore terminal in the UK when it is complete at the end of this year.

Although Irvine is more isolated from motorways than many other new towns, conversely, it has the advantage of proximity to two of Scotland's major international airports. Prestwick is probably Irvine's greatest communications asset, not just because it is only a ten minute drive away, but because it caters for international traffic. It has no restrictions on night flying and its benign weather record is unmatched. With the growth of passenger traffic, sluggish British Airports Authority has made tremendous efforts to develop Prestwick's role as a cargo centre.

Last year, Prestwick handled 19,000 tonnes of air cargo, ahead of Glasgow and the figures for this year show further improvement. Glasgow Airport is only 20 minutes from Irvine giving further access to air-freighting and with the growth of European services from Glasgow, the choice of services for Irvine customers is increasing. A further asset is the Greenock container terminal, again, only

30 minutes away, with access from the regular ICI services to most of the North American ports.

Rail links are good despite the loss of much of the freight handling facilities during the cuts of the 1960s with services to Glasgow, Largs via Hunterston and south to Stranraer and the ferry to Ireland.

Port facilities at Irvine itself belie its position as the main port for Glasgow two centuries ago with only an occasional ship carrying timber or sand apart

serving the company's chemical and explosive couple Ardeer, but both Ardrossan and Troon have port facilities coastal and European trade there is scope for expansion. With an improving raw work promised over the few years, earlier than Irvine had will largely moved and it could find in a better position than new towns to serve industry.

John Drumm

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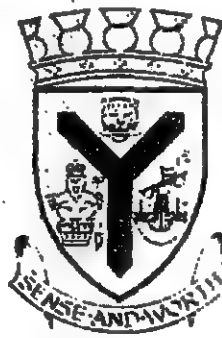
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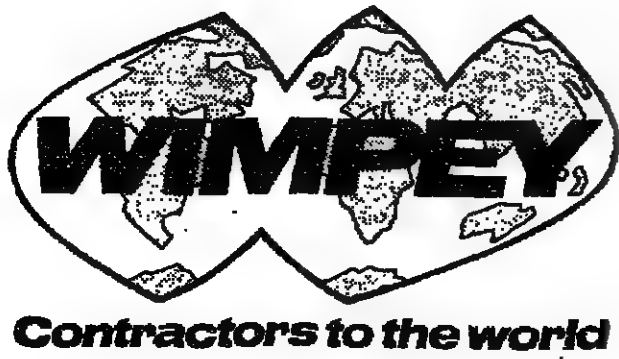
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Diversity of industry

NUMBER of multinationals particular - its own formula represented in Irvine, but type used in public buildings as Paints. Whereas most such as schools, hospitals, employing 14 people would swimming pools, town centre ribe themselves as small messes, this one does not. Like its competitors, it has an extremely hard surface, which makes it difficult to scratch but unlike them, it is water-based and so non-toxic—and can be applied by brush. Other flecked paints have to be sprayed on, which limits their range of applications. In the first 15 months of operation the turnover was £30,000. But in the current financial year Mr. Robottom estimates that it will be in the region of £180,000-£200,000.

The company decided on Irvine because there were no other paint manufacturers in the area, so although its market is national and international, there could be a local boost. Irvine Development Corporation provided the factory, with rent relief assistance, and helped with initial publicity. The Corporation has also allowed Irvine Paints to store its new mixing equipment in an unused factory free of charge so that it can be moved into the new larger premises and between 50 and 60 in her 18 months.

Mr. Robottom, a Dutch director on the rd, expansion into Europe logical, so the company has a warehouse in the EEC and beyond to facilitate distribution. Irvine Paints is a plant that is going to bloom. When the company moved into its 4,200 sq ft factory on one of the new estates two years ago, it was two full-time employees and two part-time. Now it occupies 50,000 sq ft and sees itself as continuing to expand. "We will be employing 25 people by the end of the year and between 50 and 60 in her 18 months."

about its choice of location. Distribution and communications are generally good from Irvine. Mr. Robottom has found, although the fact that direct dialling is not yet available in the new town on international calls can lead to frustrating delays.

Irvine Paints began in one of the Development Corporation's smaller advance factories, but they range in size up to 50,000 sq ft with room for an expansion of as much again. Incoming companies building their own plants are eligible for 23 per cent Regional Development Grants on buildings and machinery and there are substantial other incentives including tax allowances, assistance with training and, in certain cases, special preference in the award of government contracts.

The town has 170 firms, mostly medium or small companies. Only a handful employ more than 500 people, but most of those have grown to that size within the new town. Ivster, the U.S. fork lift truck manufacturer, for example, started in Irvine in 1960 with a workforce of 34. Now it is the town's biggest employer with around 1,000 on the payroll. From 25,000 sq ft advance factory, the company has expanded to an area nearly ten times that size.

Irvine is the largest of the company's European manufacturing centres, and besides producing a range of electric and diesel trucks, also houses the company's European tool-making centre.

Beecham Pharmaceuticals has also expanded its penicillin and chemical manufacturing plant in £4.4m last year.

Since 1970 more than £25m has been spent and earlier this year the company announced that it was considering a further £14m expansion. Rockware Glass, another of the town's major employers, also recently opened a multi-million pound expansion to increase its output of bottles, mainly for the whisky industry.

Scandinavian industry is heavily represented with two major companies. SKF (UK), actually pre-dates the new town, and has, over recent years, suffered from the worldwide slump in demand for ball bearings and its other products for the motor and locomotive industries. Its labour force is down from a peak of around 1,600 to about 850. Volvo's Ailsa trucks came to the town in 1974, taking over the old Royal Ordnance factory, a 75-acre site which has plenty of room for expansion. The company was in fact a victim of its own conservatism in the first few years, but has since shown remarkable growth. Strong demand for its bus and lorry chassis pushed its turnover up by two-thirds from 1975 to 1976 and by another 45 per cent in 1977, bringing it to £65m. A pre-tax loss of £135,000 in 1975 was turned to a profit of £1.8m the following year and



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Emphasis on leisure

INE IS the only new town in the UK whose designated area includes a stretch of coastline and this in itself has led to an emphasis on the importance of leisure and recreation in the new town's planning. Over the last 15 years, Irvine has grown from a small village on a stretch of the Ayr coast, which has for centuries been a popular holiday resort, to a town of 20,000 people within a five-mile radius and a long tradition as an outdoor lung. Industrial Glasgow, it is said, has been paid to the great outdoors and to the great outdoors is the sea. The sand, the golf course, the river bank. Irvine also has the largest area of natural land of any new town at the heart of the designated area. The new town's pride and joy is the great outdoors — the Magnus Leisure Centre adjacent to a 150-acre park minutes from the town centre — an appropriate name for the largest indoor sports centre in Europe, despite its cost of £3.4m, the centre, which was planned initially by a go-ahead town council and completed by the district council, has already disproved its critics, to be daunted by cost overruns and construction delays. It is a white elephant, it was opened two years ago and in its first year operation attracted nearly 1m visitors. Last year the centre was over 3m and the figure is still rising.

The Magnus is an impressive 100 yards long, built on two levels and houses a massive indoor hall and two swimming pools — one to full international standards — an ice rink, indoor cycling and a 300-seat cinema/theatre/conference hall facility. It is rapidly acquiring an international reputation and has been the venue this year for international volleyball, basketball and skating championships. One of the encouraging successes of the centre has been the use made of the conference facilities, mainly by local companies — although this is angling for major sales conferences and seminars. Adjacent to the centre is the 175-acre beach park where a massive and comprehensive development is underway. Apart from athletic fields to complement the Magnus indoor facilities, a large pitch and putt course, a new artificial boating lake has been created and the beach area has been landscaped. It is maybe not too surprising that the vision of the early town's history and geography for the sea and the rivers flowing across the North Ayrshire plain on the one hand, and a vast area of land made unusable for anything else but at it was beside the sea. If leisure, by Victorian industry, made the despoilation of the area was an use for the kind of house-dance works and "the ruins" included everything from Victorian brick factory buildings to underground storage dumps.

In the midst of the sometimes frenetic rush of new town building it is sometimes difficult to remember that Irvine is an ancient town, but one of the highlights this month at the beach park was the Fireworks and Gala Night for the annual Marymass celebrations where thousands of people filled the park to overflowing. The celebrations go back to medieval times when Irvine was one of Scotland's most important towns and the main port for Glasgow.

Much of what remains of the town, centre of Irvine is good quality domestic Scottish architecture of the 18th and 19th century while there are strong connections with Robert Burns throughout the Irvine area. Irvine Development Corporation has done as much as possible to retain the best of the architecture and the results are now beginning to show to the extent that the concept of Irvine New Town as a tourist centre in its own right is no longer looked on as a joke. Obviously, with the sea coast featuring prominently in the planners' thinking, surprisingly little use is made of the sea, despite the explosion in yachting the Clyde has seen in the past few years.

There is to some extent a conflict of interest between Irvine Development Corporation and the Cunningham District Council. The District Council has attempted to concentrate yachting development around Fairlie and Largs to spread the recreational load, while another major marina is being built at Troon south of the New Town. The Development Corporation points out that much of the demolition work in the harbour area has only recently been completed and so far no commercial developer has come forward with a proposal.

Further marina development on the Clyde is almost certain in the next few years and as Irvine has a very large area available and water depth for seagoing vessels it could yet add yachting as a major sport.

Not content with 20 golf courses within 10 miles — two on which the British Open has been played — there are plans for between two and three more. The District Council is developing a nine-hole course for the Bartonholme area of the town with facilities for extension to an 18-hole course while Irvine Development Corporation is planning a major course adjacent to Elgilton Park.

Overall, Irvine's planners have accepted the leisure concept with enthusiasm, but they have a great deal to thank the annals of both the Magnus for the sea and the rivers flowing across the North Ayrshire plain on the one hand, and a vast area of land made unusable for anything else but at it was beside the sea. If leisure, by Victorian industry, made the despoilation of the area was an use for the kind of house-dance works and "the ruins" included everything from Victorian brick factory buildings to underground storage dumps.

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Campaigning on the dole queue

BY PETER RIDDELL

THE LEVEL of unemployment is at the top of voters' lists of election issues according to the opinion pollsters. This has already been picked up by the sensitive political antennae of Saatchi and Saatchi whose activities have become an election issue on their own. The lengthening dole queue under Labour has been the theme of the Saatchi brothers' first attempt to translate the Soviet realist school of poster design of the inter-war period to the late 1970s. This is a slightly puzzling since there are few other signs of much public concern over unemployment apart from largely ritual trade union protests and the annual demonstrations of the Right to Work campaigners.

Yet if unemployment is to be an election issue—as it should be—then it would be desirable to be clear about what is happening. There is now widespread agreement that the rise in the published total of UK adult unemployment from around 550,000 when Labour won the February 1974 election to just under 1.4m now does not provide an accurate guide either to the underlying trends in the labour market or to any change in the welfare and living standards of those involved. Increased social security benefits and many more women workers have reduced the loss in household income from unemployment.

Cyclical

A recent study from the Organisation for Economic Co-operation and Development has pointed out that well under a third of the unemployment in many of the leading industrialised countries is directly cyclical. The rest is either frictional arising from time spent between jobs or capital shortage unemployment due to insufficient capital to employ the available labour force. This may mean that capacity is of the wrong kind in relation to the current pattern of demand.

On this basis, OECD estimates that less than a quarter of French unemployment in 1976 was cyclical and less than a third of that in the U.S. In the UK, unemployment at full capacity of the existing capital stock would have been 3.3 per cent in 1976 compared with the actual figure of 5.0 per cent on OECD definitions. Moreover, frictional and capital shortage unemployment has been rising, from 2.1 to 3.3 per cent between 1974 and

1976. These figures indicate why refutation on its own is no solution to present levels of unemployment, the effect of a large scale stimulus may be mainly to boost inflation after a short-lived impact on activity.

This analysis does not, however, mean that the Government can somehow be absolved from responsibility for what has happened; its own intervention in the labour market has probably increased the rate both of frictional and capital shortage unemployment. This would confirm the conclusion that the published figures are not a good guide to the underlying trend as well as an evident breakdown in the relationship between output, employment and unemployment.

In addition, the seasonal adjustment process seems to have gone awry since 1974. There has been a jump in unemployment in the last two summers followed by a later decline, which may be happening again this year.

Turnover

A partial clarification may be gleaned from the *Quarterly Employment Gazette*. This publishes a little noticed series of labour turnover in manufacturing which shows that changes in employment reflect the cumulative of small differences between engagements and discharges. In a recession both fall with engagements declining first, while in a recovery there is a sharp upturn in engagements followed after an interval of six months to a year by a rise in discharges.

In late 1976 engagements—as a percentage of the total labour force—started to rise and this was followed during 1977 by a levelling out and then a rise in the rate of discharges. However, as figures in last week's *Gazette* show, the level of engagements has fallen compared with a year ago; it is now more than 26 per cent lower than in 1973 which was itself below the 1968-69 peak. Discharges have also stopped rising since the winter.

These figures are hardly conclusive, especially since the two way flow on and off the vacancies register has still been rising. Yet the evidence of at least a stabilisation, rather than a pick-up, in labour market activity suggests that it may be difficult to sustain a significant decline in unemployment over the next 18 months—unless the current boomlet becomes a fully fledged boom or the UK economy is even more inefficient than is so far apparent.

Unimaginative pictures at an exhibition

A FEW people in the photographic business are worried about the continuing failure of industry to make extensive and imaginative use of the medium. The worry is at least 10 years old, the subject is becoming something of an old chestnut—good for a seminar topic—and sporadic efforts are occasionally made to improve matters, but those on the receiving end of the pictures have less cause for complacency and are faced, if anything, with declining standards.

The current issue of Kodak's magazine *Professional News* takes up the cudgels, where the quoted views of Mr. Glyn Gennin, picture editor of the *Financial Times*, underline the point: "half the pictures submitted by PR agencies and companies are technically so sub-standard that you could not reproduce them if you wanted to do so."

A reader's letter published in the *Financial Times* last week highlighted another aspect of the problem—photographs submitted for transmission on television are often useless because they are too small or of the wrong aspect ratio (for example, vertical or letter box shape).

In London this evening, at Reed House in Piccadilly, the editor of *The Sunday Times*, Mr. Harold Evans, opens the annual exhibition of the London Region of the Institute of Incorporated Photographers. As one of the judges of this competition (with

Mr. Evans) I can report that there was no great feeling of excitement a few weeks ago when we ploughed through the stereotypical industrial machinery, back-lit for dramatic effect, and the product shots intended for editorial use but patently quite unacceptable to an average editor. Indeed, the judges reluctantly agreed not to award a cup in the industrial category.

What is wrong? Some observers blame the photographers—others the PRO's for failing to issue clear briefings on adequate budgets and for mis-handling the subsequent distribution of pictures. There is no single answer, all of these factors, and others, contribute to the problem.

For the client, the malaise begins with a failure in the first instance to recognise that some aspect of his business is suddenly very topical—and photographable. Missed opportunities abound, such as the countless occasions when really newsworthy people visit the works. A rare example of enterprise, demonstrated the bonuses when Bing Crosby made a recording at their studios some time before his death; first-rate colour photographs of Bing, looking at the studios, now adorn that film company's publicity material and reception offices were also published by the audio-visual press. Even when recognition of the

possibilities registers, it is of fundamental importance to choose a photographer with the same care as the selection of a new advertising agency. Not only do photographers vary widely in their ability—to a depressing degree—but the best of them have very individual styles, suited to some situations but not others.

Perhaps one of the root

editorial responded to his query "such as?" with the name of one of Britain's best, the PRO's shocked reaction was "but he costs £200 per day!" Yet this fee was less than the rate for a whole page advertisement in the same magazine.

Even when excellent photographs have been taken, with the promise of editorial returns far in excess of the original

graph of an electric power drill. The story with it was about a series of audio-visual presentations that the manufacturers were holding to promote their power drills. But which editor of an audio-visual magazine is going to publish a photograph of a power drill? Thousands of photographic prints like this are pouring into waste-paper baskets every week, and for the photographic materials industry it must be true that they make most of their money like the manufacturers of the mustard left on the plate.

The most heinous crime of some so-called press officers, however, is the unexplained photograph. Although a picture may be worth a thousand words, its relevance may be totally lost without a dozen on the back. Many photographs also finish up in a picture editor's desk—unusable at the present time, but interesting enough to keep for possible publication later.

But when that day arrives, as often happens, the picture has frequently been rejected because it was physically impossible to crop it. The suitability of the picture for the publication to which it has been submitted should be taken for granted, but rarely is that possible. Last week, during a meeting of the Film and Video Press Group, a number of editors were complaining about the poor standard of hand-out pictures when one mentioned a picture that we all received last week—a photo-

indifferent photographers who be squeezed out of the industry. Too many industrial photographers fail to recognise viewpoints when faced with an interesting subject; they shoot from the shoulder, where camera usually hangs, and the result is frequently pedestrian. The failure to arrange an editorial session at the time of door session at the time of the sun will be in the position is almost as frequent as the indifference to the lighting to fill in the shadows of a daylight picture; evidence as it often is of a natural effect of daylight, smothered.

Perhaps the greatest waste of all occurs with photographs taken at conferences, meetings and similar functions. On occasions it is seldom rare as justifiable to use a better than the local press photographer. Yet pictures of people standing around a table or microphones in hands are possibly the most difficult of all to make interesting.

Regrettably, photographers regarded too exclusively as a reproductive medium. But, as Mrs. Reynolds said of a picture, "A mere copy of Nature can never produce the great; it can never raise the imagination to the heart of the spectator."

FILM AND VIDEO

BY JOHN CHITTOCK

causes of poor industrial photography arises from simplistic attitudes: most people can handle a camera and produce credible pictures, and the professional photographer is thus too readily regarded as a superior kind of mechanic. In consequence, clients are sometimes reluctant to pay high fees for the work of those very few masters in the profession. One such example occurred when the PRO of a very large international company was offered a chance to have one of his products appear on the colour cover of the first issue of a new magazine. It was stipulated that, to reduce the risk of embarrassment in rejecting pictures specially taken for the purpose, it was vital that the PRO should use a really top-class photographer. When the

investment, many PRO's and even press officers still manage to lessen their chances of success by mishandling the distribution. The format of the picture—horizontal or vertical—is sometimes of critical importance; magazine covers usually require vertical pictures, but not invariably. The picture should be taken in a way that it can be cropped to suit the format of the publication to which it is being submitted. Last week, during a meeting of the Film and Video Press Group, a number of editors were complaining about the poor standard of hand-out pictures when one mentioned a picture that we all received last week—a photo-

Carson's treble chance is Beverley highlight

WILLIE CARSON, who heads the jockeys' championship table, travelled to Beverley today to particularly ride Twice Rich for Michael Stoute's Newmarket stable and Leopard's Rock and Albion for John Dunlop—all three have a chance of winning.

Twice Rich, a bay colt by Targowice, out of a mare by

cap at Wolverhampton eight days ago.

He is certain to go well in the Hornera Mere Handicap.

Albion tackles two miles for the first time in the Bridlington Bay Handicap, and though there is no reason to doubt his ability to stay this distance, I prefer the credentials of American, who, before failing to concede the useful Mill Street 10 in the Lingfield at the beginning of last month, had won three consecutive races including the Heyshott Handicap at the principal Goodwood meet.

RACING

BY DAKE WILSON

Charlottesville, has always looked as though he required at least seven furlongs and that is the distance of the Flay Brig Stakes.

Of the pair that Carson partners for Dunlop, Leopard's Rock is a definitely consistent.

Moreover, his fitness is guaranteed for he was runner-up to Coqueto's Prince in the Midland Cambridgeshire Handicap

at Wolverhampton eight days ago.

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Unfortunately, it does not look as though it will be easy to pick winners there.

Oislin, who is in great form at present, may successfully defy a 7 lb penalty in the Cheriton Handicap (3.15) and Par Cl

3.00—Flash O'Green
3.30—Twice Rich
4.00—Leopard's Rock
4.30—American**

1.45—Lane de Miel
3.15—Oislin
3.45—Balmite
4.15—Par Cl Par La***

Par La, who, as he name implies, was bred in France, may be a cut above his rivals in the Warren Maiden Stakes (4.15).

Novelist leaves £177,165

Lady Maria Antonia, daughter of Ayot St. Lawrence, Elizabeth Carola Oms, the historical novelist, biographer and children's author—who died on June 11 left £177,165 gross (£175,988 net).

TV/Radio

† indicates programme in black and white.

BBC 1

6.40 am Open University (Ultra High Frequency only). 12.45 pm News. 1.00 pm Pebble Mill. 1.45 pm Bod. 3.45 pm Tyed. 4.15 pm Regional News for England (except London). 4.30 pm Play School. 4.45 pm Ask Angel. 5.10 pm The Story Behind the Story. 5.10 pm News. 5.35 pm Nationwide (London and South East only).

5.30 Nationwide. 6.50 Star Trek. 7.40 Happy Ever After. 8.10 Dallas. 9.00 News. 9.30 Holocaust. 10.55 pm Tonight. 11.35 Weather/Regional News. All regions as BBC 1 except at the following times: Wales—5.15-6.30 pm Wales Today. 6.40 pm Heddwi. 7.10-7.40 pm Glas Y Dorian. 11.35 pm News and Weather for Wales. Scotland—5.35-6.30 pm Report-

ing Scotland. 11.35 pm News and Weather for Scotland. Northern Ireland—4.15-4.30 pm Northern Ireland News. 5.35-6.30 pm News and Weather for Northern Ireland. England—5.35-6.30 pm Look East (Norwich). Look North (Leeds, Manchester, Newcastle). Midlands Today (Birmingham). Points West (Bristol). South Today (Southampton). Spotlight South West (Plymouth).

12.25 am Close: Dorothy Tutin reads from "The History of England," by Jane Austen. All IBA regions as London except at the following times: 9.30 am An Audience. 9.35 pm Feature Film: "Prince of Foxes," starring Tyrone Power. 11.30 pm News. 11.35 pm News. 11.40 pm News. 11.45 pm News. 11.50 pm News. 11.55 pm News. 12.00 pm News. 12.05 pm News. 12.10 pm News. 12.15 pm News. 12.20 pm News. 12.25 pm News. 12.30 pm News. 12.35 pm News. 12.40 pm News. 12.45 pm News. 12.50 pm News. 12.55 pm News. 1.00 pm News. 1.05 pm News. 1.10 pm News. 1.15 pm News. 1.20 pm News. 1.25 pm News. 1.30 pm News. 1.35 pm News. 1.40 pm News. 1.45 pm News. 1.50 pm News. 1.55 pm News. 2.00 pm News. 2.05 pm News. 2.10 pm News. 2.15 pm News. 2.20 pm News. 2.25 pm News. 2.30 pm News. 2.35 pm News. 2.40 pm News. 2.45 pm News. 2.50 pm News. 2.55 pm News. 3.00 pm News. 3.05 pm News. 3.10 pm News. 3.15 pm News. 3.20 pm News. 3.25 pm News. 3.30 pm News. 3.35 pm News. 3.40 pm News. 3.45 pm News. 3.50 pm News. 3.55 pm News. 4.00 pm News. 4.05 pm News. 4.10 pm News. 4.15 pm News. 4.20 pm News. 4.25 pm News. 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Rosemary Harris and Fritz Weaver in 'Holocaust'

Holocaust by CHRIS DUNKLEY

subject matter of the motives of the artists. Watching in Britain, the central question is the obvious one: can there ever be justification for using such a horrifying and tragic event to provide entertainment? Some would have it that the Nazi "final solution" and the Holocaust are not only should not but cannot go together. I believe they can. Clearly, it depends on your definition of "entertainment," but so long as it is accepted that King Lear is entertaining, so long as the word means "to hold the attention or thoughts" and is not being used simply as a synonym for "enjoyment," then surely the two not only can but should go together.

Three years ago, Michael Dorn made two documentaries following the lives of the Jewish people in Britain. The first, *World at War*, using archive film and eye-witness accounts to detail the Jewish experience in the war. The second, *The Jewish People in Britain*, was a more detailed, borrowing, and rightly highly-praised. They will have been watched, however, by only a small fraction of the audience which *Holocaust* will reach. In America, *Holocaust* is a television event. Doubtless in Britain, too, it is getting his audience. Some viewers will all, never mind the have started watching for the

Dornes and Krenn by NICHOLAS KENYON

Miss Dornes has a rich voice, strongly projected from her head and chest with some of that alternately thrilling and overpowering resonance which is needed to overcome the operatic orchestras of Karajan and Solti (from whose recordings of Wagner she is most familiar). Here though, she had to compete only with the soprano of Erik Werba; the full impact of her singing was most excitingly evident in Wolf's "Wenn du mein Leib stiegst zum," but throughout the evening she had difficulty in scaling her voice to the hall. Mr. Krenn, by contrast, sang with pinched tones, not quite nasal, but originating somewhere

Gothic scorn

at Architecture with John Urrut, James Urrut, and James Urrut, is an attempt, and a successful one, to do what Architecture by J. M. de David and Charles de David, Illustrated, 24.50

It is one, to call from the criticism of the author's opinions and the views he was composed to hold.

CINEMA is the principal part of the book, and it is indeed with an in-ness and romanticism which is far from the par-It is tempting to para- of the enormous mass-ity is the principal part- this quite small book a been evidence has been to show the wholeness which he viewed, and to which his entire adult- meditations with the- the need for using- not only in its appo- refined, outlines, and- and so place it before the- it and the mass it- intended to be seen- stance, from closer to- fute perfection when- eye, can clearly be- of the Victorian- inspiring for every- there is either- ded on paper, of- in studio miles away- being it was intended- integration cannot- thieved, are most- ity and Ruskin's- shines out of- pages a true genius- architecture of Finland- to including those- ave a study of the

The Hayward Gallery

Ladies First by WILLIAM PACKER

The Hayward, that most per-consideration. Certainly there is not always most beautiful of Anouka, is again in flower at the water's edge, as variegated and diverting a display as usual, and holding as for surprise. To be so indeed in the very nature of the growth, and to say as much is not meant as serious complaint. And yet complaint is probably inevitable, for importance must attach to any large and official selection of current work, no matter how the choice was made. No one can please everyone, and a committee will please no one; compromise will always modify adventure, while artists see their careers at stake. With a year to wait and such a prime spot to fill, expectation runs very high.

Last year's double-header was in many ways an admirable, though by no means definitive, survey of work, or any middle-established generation of artists, and yet it was savaged viciously from all sides. *Deja vu* and disappointment go naturally together, and to many of those professionally involved in the art world so much of the work shown seemed depressingly predictable, complacent and safe. To the public at large, on the other hand, longing for the true, the beautiful and the good, not at all so sure about the new yet not prepared to reject any frisson of honest outrage, much appeared to be incomprehensible, if not actually fraudulent rubbish.

This time the exhibition itself has excited far less controversy than last, though the opportunities for it remain plentiful, with some minimalism about, and conceptualism, body art, the odd installation, and even Mary Kelly's elegant nappy flowers all at hand to inflame Presbyterian indignation; whilst the few newer faces are no less conventional than their more familiar peers. Perhaps we really have learnt the lesson at last: keep an open mind, accept the limitations of the exercise, and take the work on its merits.

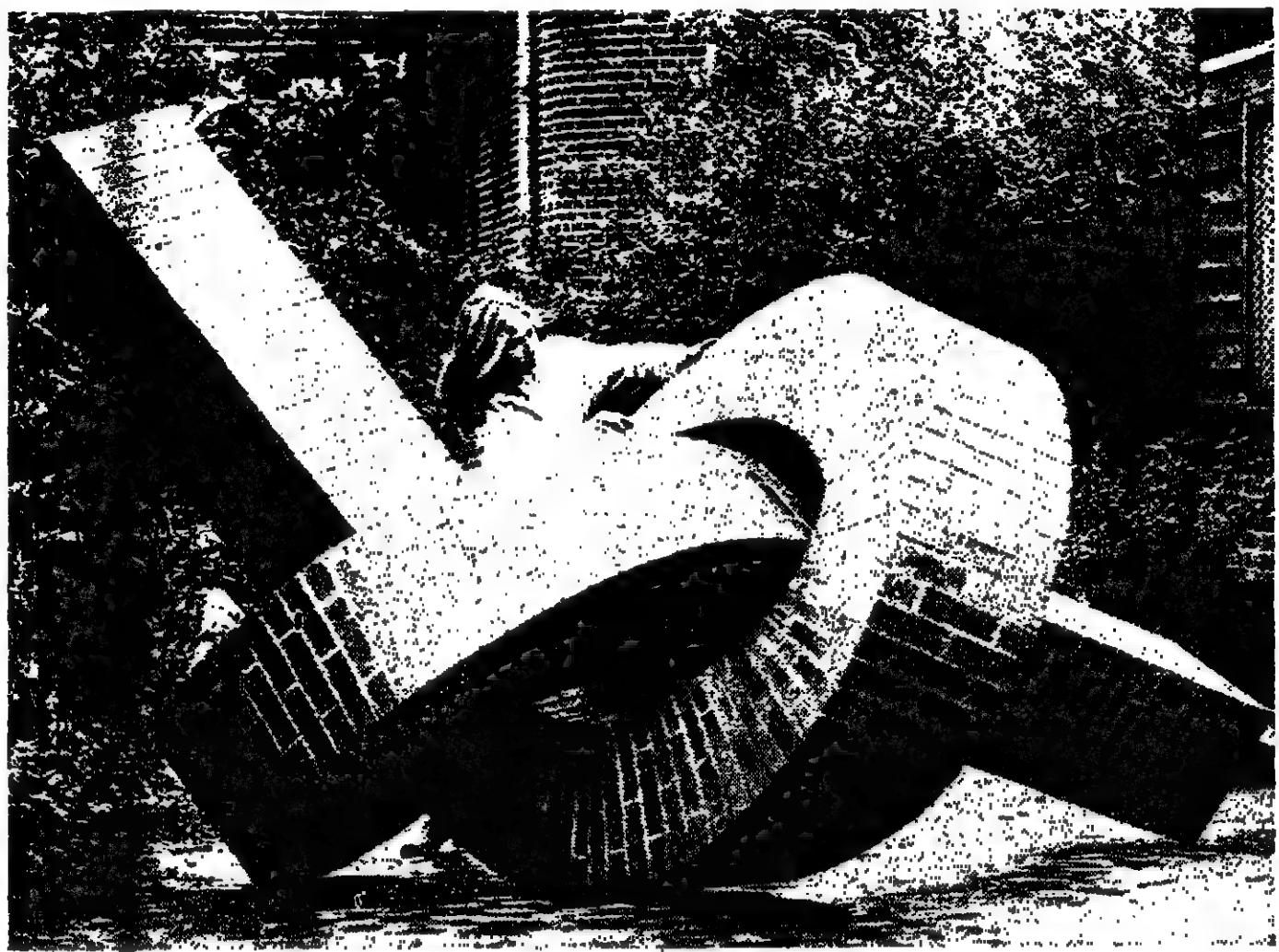
Much has been made, however, of the preponderance of women in the show, as though that should make it stand necessarily as a manifesto for the cause. It is in fact nothing of the sort, to the great credit of those involved. The delegation of women did approach the Arts Council to make the reasonable point that the number of women whose work was shown in its group exhibitions, and acquired by public collections in general, bore no relation to the number actually practising as artists. What to do about it is an awkward question, that of comparative quality if anything more awkward still, the idea of an imposed proportion of representation no solution at all; but the point we will make that women should be given fairer

straight-forward, modest and effective compilation, a shade over-consistent, perhaps, in the general character of its judgments, which is inclined to be discreet and tasteful, to the disadvantage of the weaker artists, but well laid out and containing a number of treats. The best work is on the lower floors, the most outstanding single piece of all a little way into the circuit, Michael Sandle's extraordinary Twentieth Century Memorial, on which he has been working these past seven years, a bronze tableau in which a skeletal, residual image of Mickie Mouse sits behind his horribly efficient machine gun, an overtly enigmatic comment on the obscene absurdity of war. A number of large and very fine working drawings for this monument are also shown. Sandle is one of the very best of our younger artists, but he lives in Germany, and we see too little of his work.

Other sculpture is worth noting: Wendy Taylor's energetically surreal constructions are usually witty and well made, and here her huge brick knot, the

would have relished quite as much as the imagery. Alexis Hunter's photographic sequences, collectively entitled "Approach to Fear," are stylishly and effectively carried through, an intriguing kind of narrative art that is notable as much for its formal invention, and visual wit, as for the anthropological material with which it deals.

Upstairs, unfortunately, the show is generally less successful, the constructivist section especially so, dreadfully over-designed, the work lost in the installation to the point where criticism becomes unfair, though it must be said that the artists concerned did the burying themselves. Rita Donagh too, whose work is always interesting, though perhaps too inclined to celebrate the cleverness of her ideas than the virtues of paint and line, suffers, through no fault of her own, from a miserably convoluted drawings of castles, battlefields, artillery emplacements, all taking the greatest liberties with perspectives and graphic logic, yet entirely and even charmingly convincing, a plausibility that Uncle Toby



Wendy Taylor's 'Brick Knot'

Gospel Music Workshop

A rich harvest by FRANK LIPSUS

In the catalogue of its eleventh convention, the Gospel Music Workshop of America considers itself "perpetuating America's only original art form." It would be a hard claim to substantiate, and not really necessary because gospel music does have a long, unique history and one that provides a strong imprint on its present activity.

In its own original form, gospel music provided the substance of religious worship among the slaves. They would not have worn the beautiful white suits and dresses that now adorn the worshippers and choruses alike. Slaves could not have fulfilled the requests made at each person give a substantial offering at each service in the ten-day event.

In other respects, though, the services now must have a lot in common with their antecedents. There is much singing—rhythmic, sonorous hymns with direct appeal to Christ for personal aid. Services make little use of Bibles and prayer-books, the Reverend James Cleveland, founder of the workshop

and best-known gospel choral leader, introduced an offering on a note that combined the religious and commercial aspects of the "original art form." He said that the Lord had come to him the night before and mentioned the Trinity. He was therefore asking, despite the restraint it would impose on those who would have given more that each man in the hall queue up in the aisles to give three dollars to the offering.

At a rough count 2,000 were there. The meeting was held, with no apparent irony, in Constitution Hall, the assembly of the Daughters of the American Revolution, and family activities, such of which had its own fee—to be paid promptly in advance.

Invited choral groups, consisting of as many as a hundred singers under the direction of a single leader, moved quickly to the stage and spread across it in two rows. Since more than three hundred such groups had come to participate, each could do only one hymn. The Baltimore Mass Choir had a blind woman soloist. They did "We Shall Walk Through the Valley," a hymn setting the 23rd Psalm to music.

First singly and then by the dozens the audience lifted their arms. Some stood up, hands waving, heads nodding to the rhythm of the hymn. The musical accompaniment consisted of an electric guitar, a piano, and a drum set, all the musicians inconspicuously dressed like all the rest in white

refuge from lives that probably have as much in common with their antecedents as their services do. Though they call themselves by different denominations, ranging from Baptist to Pentecostal, they share a belief in horn-again baptism through total immersion in baths or rivers consecrated for the purpose. The trappings of conventional religion are confined to candle-lighting by young boys dressed in long robes.

When not gathered for a service, the convention consists of rehearsals for male, female and debatable choirs, as well as business and professional meetings and announcements guild meetings. The gospel music market had desks in the convention hotel lobby, giving evidence of the health of the last area of the music business left almost exclusively to small entrepreneurs hawking records practically door-to-door.

Many of the choral groups had records available for sale, as mentioned at the service. Sheet music, now a minor part of the music business, remains a strong seller in these conventions. The hawkers were at their desks throughout the day, whatever activities were going on in the convention. The competition for people's souls, which at one time occupied the thoughts of each minister and each denomination, seems to have given way to competition of a more material sort.

Commercial Union backs 'Rigoletto'

Commercial Union is providing £35,000 sponsorship for Scottish Opera's new production of *Rigoletto*. It was announced in Glasgow yesterday.

Sir Alexander Gibson, artistic director of Scottish Opera, said it was the first major sponsorship from a non-Scottish-based company and described it as "magnificent—highly encouraging."

The new production will open at the Theatre Royal, Glasgow, on April 18, 1979, and will be conducted by Sir Alexander Gibson. The director is the young American David Alden and the cast will include Norma Burrows, Neil Schlooff, Brent Ellis, William McCue and Gwyneth Morgan. The opera will have five public performances (and a private preview for Commercial Union staff) and there are plans for it to tour Edinburgh, Newcastle and Aberdeen.

Nicol Williamson returns as Bill Maitland

Nicol Williamson will play Bill Maitland in John Osborne's *Unpleasant Evidence* in a production at the Royal Court Theatre to be directed by the author. It will open to preview from September 8, and to the Press on September 12.

Nicol Williamson created the role of Bill Maitland in the original production in 1964.

This announcement appears as a matter of record only

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July 1978

Carter's role at Camp David

WHILE IT would be premature to describe this week's summit at Camp David as a last-ditch attempt to restore life to the negotiating process started ten months ago by President Sadat, it is clear that it will be a major test of the good will of both Egypt and Israel in searching for a Middle East settlement. Unfortunately, these two countries are approaching the meeting in such very different frames of mind. The Egyptians are putting it about that without a major step forward at Camp David, the Sadat initiative will be as good as buried; the Israelis are taking an altogether cooler view, that this is just another meeting, in a series of meetings. Undoubtedly, both sides are adopting postures which they think will suit their cause.

In the sands

Success and failure are, of course, relative terms, which must be seen in the context of the months which have elapsed since President Sadat astonished the world by visiting Jerusalem ten months ago. The psychological effect of that historic gesture was remarkable. It transformed the balance of opinion in the western world, and especially in the U.S., on the relative merits of the rival positions of Israel and the Arabs. But in substantive terms, the negotiating process which was started by that gesture ran into the sands in January of this year.

Camp David will be a success if it offers any serious indication that the Israeli Government is prepared to make a significant move towards the Arab position. Without such a glimmer of hope, there is a real danger that President Sadat, long reviled as a traitor by Syria and Iraq and other hard-line states, may decide that this time has come to mend his fences with the rest of the Arab world, and to withdraw his offers of peace negotiations with Israel.

Clearly, much will depend on the role which President Carter plays at Camp David: clearly, too, he cannot avoid the prospect that his own credibility as a power broker in the Middle East will be affected if this meeting is not a success. Given the yawning chasm between the Israeli and Egyptian positions,

President Carter can scarcely count on forward movement, unless he himself plays a much larger part than that simply of independent chairman or umpire of the discussions.

Some reports have suggested that the American President may be considering the offer of a military presence in the Middle East, as a partial guarantee for the security of the two sides in the context of moves towards a settlement. Predictably, these reports have provoked Soviet reactions of unmitigated hostility, since Moscow, having been ousted from Egypt, has no desire to see itself excluded from any determining role in the settlement of the Middle East conflict.

Yet even if President Carter were to propose anything as daring as an American presence on the ground in the Middle East, it is doubtful whether this would be itself enough to get the negotiations moving again. Security will be a major consideration once the Israeli Government decides that it wishes to work towards the kind of settlement which the more moderate Arab countries and Palestinians are prepared to live with.

Status quo

But the problem at the moment is that the Israeli Government gives every indication of being satisfied with the status quo. For the time being, and for the foreseeable future, the Arabs can offer no serious military threat; and with every month that passes the Israeli presence in the land seized after the 1967 war becomes more deeply entrenched. Last weekend's major demonstration by the Peace Now movement shows that a substantial number of Israelis are tired of the conflict. But they have not yet had any impact on the intransigence of Mr. Begin.

If the Arabs cannot persuade the Israelis to compromise, there may only be two alternatives: either the Middle East will return to an acknowledged stalemate, with all the risks of a flare-up; or else the U.S. must decide whether it will, for the first time, use its unquestionable leverage over the Israelis to force them to make concessions.

Muddle-headed success story

THE TERMS of the offer for sale by the National Enterprise Board of part of the Ferranti equity must be counted a considerable triumph for the NEB's management. After intervening in a situation which the City has written off, it will now own a half share in a concern which that market values at around £40m at a net cost to itself of £6.1m, which represents a good profit even in real terms. Unfortunately, the course it has now adopted, of keeping half the company as a portfolio holding, cannot be counted a similar triumph for Government thinking on the State's role in industry. It simply marks a new form of muddle-headedness.

New departure

The formation of the NEB was supposed by its sponsors to mark a new departure in Labour thinking. The party would no longer pursue the formation of a series of State monopolies, which were supposed to represent the commanding heights of the economy, but in fact were quite often industries which had sadly decayed. Instead, Labour would follow the Italian example of IRI (a rather unfortunate one, in the light of subsequent events). It would set up a State investment and management concern which could rescue important enterprises, back the Government's regional and technological policies, and yet compete in the market place with private enterprise concerns. There would be no monopoly, and the customers would enforce efficiency.

The record of some State-owned competitive enterprises such as Renault, and indeed of some of IRI's offshoots, suggests that this approach has some potential, and a management concern such as the NEB can distance its subsidiaries from political interference. A coherent policy based on this strategy would have been a very welcome change from Labour's old approach.

Unfortunately old habits are hard to shake off, and the formation of the NEB seems to have done nothing to check the

demands for old-fashioned sectoral nationalisation. Aircraft and shipbuilding have already been nationalised as if the NEB had never been created, and vocal lobbies demand that construction and insurance should be added to the list, with the clearing banks and the building societies as possibilities for future quarry.

Split approach

This muddle does both short-term and long-term damage. The nationalised aircraft industry has spent a summer of agonised embarrassment between its rival American and European suitors, where two independent concerns might have followed their natural bent. The nationalised shipbuilding industry, despite a federal structure imposed precisely to avoid over-centralisation, is already the scene of rows over remote decision-making.

The split approach incidentally damages the NEB, since its potential scope is eroded, and problems such as Leyland bulk disproportionately large in its activities. A modest success like Ferranti cannot exercise the possibility of enormous failure, as the NEB's management struggles with a brief which demands a mixture of rescue operations, interference and straightforward enterprise. Even the portfolio holding in Ferranti is a half-way house. The NEB could either have sold the whole concern back to the private sector, and so got the City's full-scale endorsement for a triumph of State intervention; or perhaps have moved in a more Liberal-Socialist direction with more Liberal-Socialist direction with, for example, a proportion of worker shares.

The real missed opportunity is the Government's. The NEB might have been the beginning of a coherent approach to State intervention in industry—something which could have been developed into something bipartisan, since even the Conservatives when in office have found it necessary to intervene, however unpopular this may be. Instead, the old arguments grind on, and the NEB is reduced to a number of politically determined and incompatible roles. It is a sad story.

Why the U.S. must find 4bn barrels of oil a year

BY RAY DAFTER

THE URGENCY with which the U.S. needs to find more oil and gas—not only for itself but for the energy-importing countries worldwide—may have given undue publicity to the recent discovery of the Atlantic coast of New Jersey. A group of six companies, led by Texaco has found both natural gas and condensate—a light oil liquid—in the new exploration region known as the Baltimore Canyon. The discovery was significant in that for the first time it confirmed the presence of hydrocarbons in that offshore area. Any well which opens up a prospective production area must be regarded as important, all the more so seeing that oil companies had spent some £1.1bn for the right to drill there.

The oil or gas which is eventually produced from that offshore region, will help to fill part of the serious, perhaps dangerous gap that has emerged between the country's energy appetite on the one hand and its indigenous production capability on the other.

But Baltimore Canyon, even under the most optimistic assumptions, will fall a long way short of making up the deficiency in domestic production. According to the U.S. Geological Survey, total resources in the 1.25m acres of Atlantic outer-continental shelf associated with the initial three leasing deals are estimated at between 330m and 2.9bn barrels of oil and between 5.5 trillion and 19.7 trillion (million, million) cubic feet of natural gas.

Projected reserves

To put this into perspective: if all those projected reserves were to be found and exploited they would yield enough oil to meet U.S. needs for between six and 22 weeks only, and enough natural gas to match present consumption for at most a year. Not that it will really be taken out all at once: the oil and natural gas will probably be produced over decades and, with luck, together with new reserves found in other offshore and onshore regions. The stark fact is that the oil industry faces the challenge of adding 4bn barrels a year of crude oil to U.S. reserves, at least for 1977-85. On top of that companies need to find 17 trillion cubic feet of gas a year for the next eight years.

These targets were discussed earlier this year by Dr. Herman Frasman, of the Congressional Research Service, in a report prepared for the Energy and Power sub-committee of the House of Representatives Committee on Interstate and

Foreign Commerce. The point he was making was that the industry needed to make these discoveries in order to maintain a 10:1 reserve to production ratio for oil and a 12:1 ratio for gas reserves and output.

In the past decade the industry has consistently failed to come anywhere near these ratios with one notable exception. In 1970 the discovery of the Prudhoe Field on the North slope of Alaska was the prime reason why 37 trillion cubic feet of gas and 12.7bn barrels

of oil were added to U.S. proven reserves. But even that outstanding find was not enough to redress the long term imbalance of reserves and production. For the past 10 years or so the U.S. has been producing oil and natural gas at a faster rate than it has been adding discoveries to reserves.

As a result proven reserves of crude oil at the end of last year were some 29.5bn barrels, almost 10bn barrels less than in 1970. Natural gas reserves fell by about 28 per cent during the period to a position where they stood at 205 trillion cubic feet at the end of 1977.

Hence the U.S. still finds itself a major importer of fuel. Recent studies have shown that there is little hope of reversing that position in the short and medium term. In simple terms the U.S. is not discovering oil and gas fast enough, neither is it moving with sufficient urgency along a path of development of other energy sources—nuclear electricity and coal in particular—nor has it yet come to grips with a full scale conservation programme.

Consequently, the U.S. is importing well over 40 per cent of its oil at a cost, in 1977, of some \$48bn. Projections by the National Petroleum Council in 1972 and the Federal Energy

Agency in 1974 that the U.S. could be energy self sufficient by the mid-1980s have been proved wildly, even cruelly optimistic.

Nowadays the talk is more about the possibility of stabilising import requirements. In its annual report to Congress in April the Department of Energy Information Administration pointed out that imports accounted for about 22 per cent of total energy supply in 1976 and were likely to rise to 24 per cent of the total in 1979.

The Petroleum Industry Research Foundation, in its report on U.S. oil supply and demand, said that by 1990 crude oil imports could have risen to over 10m barrels a day, some 38 per cent above the 1976 level. That does beg some questions. Will member states of the Organisation of Petroleum Exporting Countries, and in particular Saudi Arabia, be prepared to raise output in the 1980s? Or, following the present glut of oil supplies which has tended to depress prices in real terms, will OPEC hold back production in order to create a tightness of supply and a significant increase of the price of crude oil?

The signs of OPEC exasperation are there. On August 5 Mr. Ali Mohammed Jaidah, the Secretary General of OPEC said in New York, that the U.S. had demonstrated a "psychological inability" to confront its energy problems. The feverish development of the North Sea and Alaskan Oil was designed to "off-load as much non-OPEC

oil on to the market as possible," he said. The Petroleum Industry Research Foundation sees no physical limit to OPEC's ability to meet the demands of importers arising before 1985, although it does expect crude oil prices to rise by some 2.5 per cent points above the world inflation rate annually in the early 1980s.

Other factors which will affect the level of U.S. oil imports will be a slower general growth of energy demand—the foundation expects it to decline from 2.5 per cent in 1976-1980 to 2.1 per cent in 1980-1990—and the pace with which other energy sources are developed. Nuclear power could provide 11 per cent of U.S. energy supplies by 1990 assuming there are no more serious hold ups. If President Carter gets his way, coal production and consumption will also be significantly increased although there are environmental difficulties and difficulties of bulk transportation to contend with.

The research director of the foundation, Dr. Gary Ross, says that in order to achieve even a 5 per cent increase of coal consumption the U.S. will have to ease some of its tougher environmental legislation.

Dr. Fransen sums up the prospects in his Congressional Research Service report: "Under the worst conditions, failure to design and implement an energy policy in the U.S. which will bring energy demand and supply more into balance than is suggested in this analysis could endanger the nation's national security, the world's monetary system, world economic growth and could eventually shake the very social and political foundations of the nations of the free world."

With oil and gas meeting well over 70 per cent of the U.S. energy needs (a proportion

which could fall to 57 per cent by 1990) according to the latest estimates of Exxon, it would seem a wise move to encourage domestic exploration and production. Oil companies argue that, instead, they have been discouraged.

Mr. Charles Kittrell, Executive Vice-President for Phillips Petroleum company's Petroleum products group, told Tulsa Rotary Club last month that energy development in the U.S. was being crippled by federal price controls on oil and natural

gas. These controls, introduced 24 years ago, had discouraged gas production while encouraging consumption, he said. In the first 15 years after the start of controls demand had nearly tripled, but the number of wells drilled had dropped by a half. Thanks to the free gas market that now existed within the boundaries of existing states the number of domestic oil and gas wells drilled last year (some 48,000) was 50 per cent higher than in 1972.

President Carter, still desperately trying to fashion an energy policy from the remnants of frustrated efforts, returned from his holiday in Washington last Wednesday to fight for natural gas compromise legislation. He feels the legislation, a keystone in his energy plans will provide the stimulus the industry needs.

Earlier last month there was some White House rejoicing because the proposed compromise deal, which would end price controls on newly discovered gas by 1985, had finally received approval from the majority of a joint House-Senate conference. But the outlook for the compromise Bill—a complex, sometimes ambiguous arrangement of at least 17 different categories of gas dis-

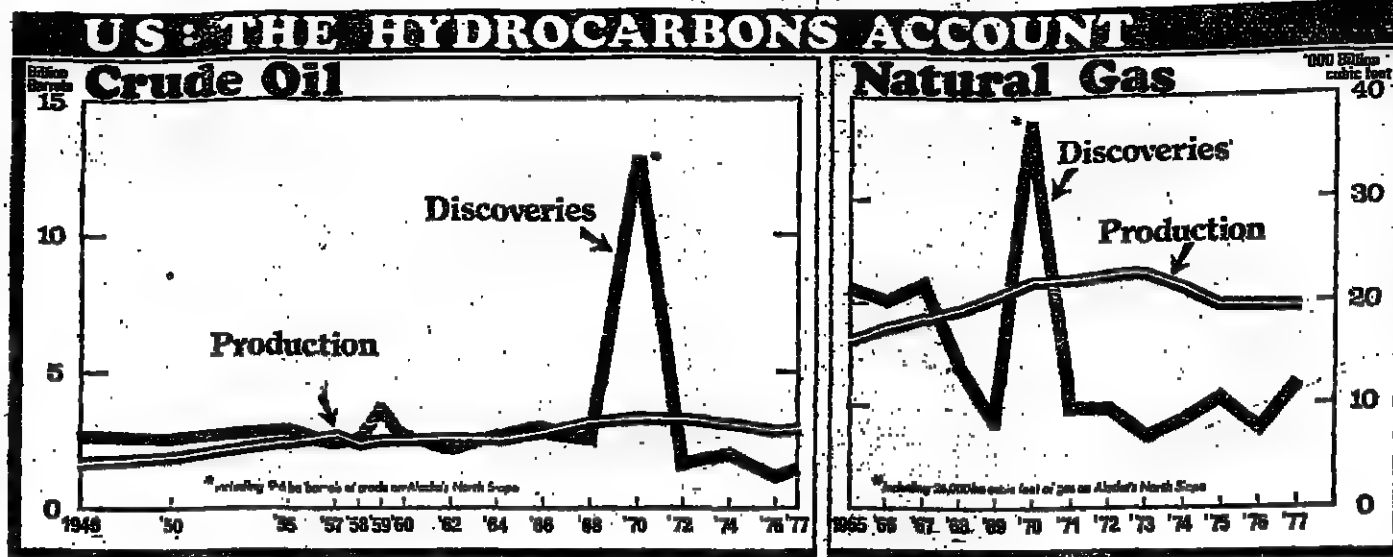
prices—is still uncertain. The President's persuasive Congress to a crude oil conservation effort to higher prices—has even more frustrated advisers are now looking for other ways to domestic prices and world level.

Existing legislation stalling domestic price controls, does President with power or modify the same from May, 1978. If Carter has the political muscle, he could a categories of gas which are currently pricing restrictions quantities of reserves freed from old wells. For example, 34 per cent of the oil in the U.S. is now a barrel, some 25 per cent production—some old producing at around \$5 a barrel, the remainder at world price of \$4.

True, such a provide oil extra revenue to offset the state's factions that feel industry is already able and fat. On the it should not be beyond presidential to amend the tax system that the additional not immediately the company profits.

Plenty of oil remains to be found in the American Institute, only 5 per U.S. continental has been explored. Geological Survey range of undiscovered resources at 30 barrels of crude at 322 trillion and 6 cubic feet of natural

The pace with potential but far resources are exploited will influence the shape energy policies. If some White House rejoicing because the proposed compromise deal, which would end price controls on newly discovered gas by 1985, had finally received approval from the majority of a joint House-Senate conference. But the outlook for the compromise Bill—a complex, sometimes ambiguous arrangement of at least 17 different categories of gas dis-



No physical limit

The signs of OPEC exasperation are there. On August 5 Mr. Ali Mohammed Jaidah, the Secretary General of OPEC said in New York, that the U.S. had demonstrated a "psychological inability" to confront its energy problems. The feverish development of the North Sea and Alaskan Oil was designed to "off-load as much non-OPEC

MEN AND MATTERS

Putting the brake on the Mini

The arrival of October 1 will be greeted with some relief by Austin Morris. It is the date when yet another modification will be made to the braking system on the Mini—and BL, British Leyland as was, hopes that it will not lead to the same problems as the last one.

A number of Minis built since October 3 last year have been playing up. The Metropolitan Police tell me they are "aware of the problem" although it only comes out when Minis are used for "operational purposes"—in other words for hue and cry. But earlier this summer the police forces of Cheshire and North Wales ran into some difficulties. And a spokesman for Greater Manchester police says that as a result of "sporadic faults in the braking system" 103 Minis which they had bought last December were taken off the road.

BL tells me "Any odd-ball problem always comes out first with the police. We regard the police as the ultimate test of a car." But when I asked about the various private complaints which the company has been receiving, I was told that the dual braking system introduced last October as required under EEC directives, "does seem to have increased the sensitivity to unevenness."

The company insists that it does not know of any accidents caused by this fault but says that it has issued instructions to dealers that when checking the braking system they should do so "from literally the ground upwards." BL says "A lot of cars have responded to having their master cylinders changed," when I asked what he meant by "a lot" the spokesman said he would be surprised if it were in the hundreds. As for a general re-



"No one is more worried about the prospect of unemployment than myself"

was the final decision of the Illinois Appellate Court: "The walkie-talkie was designed for communication purposes, not for the prevention of criminal behaviour." So the manufacturers, RCA Corporation, can breathe freely again. Which might be some consolation to the British Post Office, just in case anyone should try to collect for being unable to dial 999 during the engineers' dispute.

Food for thought

Good news from Hotel city. There in eastern China the all-pervading shadow of the Gang of Four has at last lifted—and the ducks have returned to the market place.

Before the fall of the Four two years ago life was tough for any peasant who dared to raise a duck and sell it. That it turned out, was a heinous capitalist practice. As a result Hotel went without. But now Chinese gastronomes can breathe freely and eat easily. The policy has been reversed, the new one is being "correctly implemented" and is leading to a glut of duck. In the past ten days alone 200,000 of them came waddling out for sale in Hanoi. And the blessings spread as duck for Hotel is duck for Shanghai too.

Hard job

Whitehall is not always associated in people's minds with candour, but the Civil Service Department has no hesitation in admitting: "We have been under fire for some time." Now, worried at misunderstandings over the role of civil servants, moves are afoot. And in best civil service style they have been discussed at an inter-departmental meeting chaired by an under-secretary.

An unprecedented publicity campaign? "Well, I would not use those words. We are not image making," says Sydney

Cursley, the CSD's chief information officer. However, he did tell me that a book on permanent under-secretaries and Government departments, had been considered. But when I asked who would write this fine tome he said that the idea, for the time being, was "rather in abeyance" and "not a very high priority."

Still Cursley did inform me that he and his staff made it a normal part of their business to look at what was said of the civil service by the media, and were checking whether any issue deserved attention, a rebuttal or an apology. Had they not done this before? I asked, to be told not quite to the same degree.

Another startling innovation is that they are drawing other departments' attention to what is said of them. The CSD deals with such matters as the civil service code of conduct, but Cursley did not want to discuss whether "Oligate," the fuss over oil supplies to Rhodesia, meant the code was not working.

As for the new plans to improve the public's picture of the civil service these, he told me, had important "resource implications"—in other words they might necessitate larger staff. But Cursley says he is not planning to increase his own staff of five. Is it easy to raise their productivity? No, came the answer. Meetings and holidays apparently make that very hard.

Title story

A courteous note from a publishing house has come into my hands. It concerns a review copy of a book, "I am afraid the review slip is wrongly dated," says the letter. It should read "28 September, 1978: I would be grateful if you could alter this." The book's title: Grave Mistake.

Observer

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Handwritten text in Arabic script: "هذا هو المصنف"

Product design: British industry's Achilles heel

BY CHRISTOPHER LORENZ

A KEY LESSON of Peugeot-Chrysler's European rump, Citroën's bid for Chrysler's European interests is in danger of going unnoticed: that Peugeot's success over the past 20 years, its strong position now, rests on the quality of its product design, not just in the narrow sense of styling in which "design" is often understood, but in the design of engineering, ease of manufacture and reliability in service.

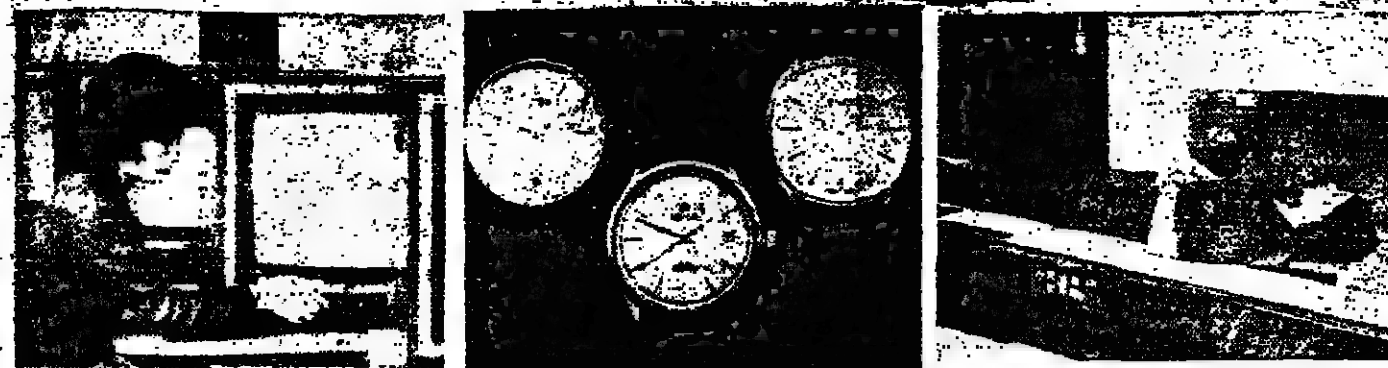
In the 1950s, Peugeot was basically a one-product company, and its famous 203 saloon was selling like hot cakes. There was a great temptation not to bother to move on, the words of one of the company's former executives. But Peugeot plumped for a policy of innovation: new products and innovations, so that it could develop into new markets.

It was that decision, followed by quality design and engineering, which has already begun to reap the benefits in terms of profitability ever since, which laid the foundation for Peugeot's takeover of Citroën and now of

motor industry. In Switzerland, both. Had Alfred Herbert in the watch industry, which is out of the recent slump by dint of product and process innovation: designing quartz watches which are as good as, if not better than, the Japanese and U.S. products which threatened to swamp the Swiss industry only a few years ago, and—important point—ensuring that they are made with the latest production equipment in order to keep costs down and ensure reliability.

The same argument applies to Japan. Its success not only with cars, but also with radios, television sets, video cassette records and machine tools (and soon, perhaps, computers), has been heavily dependent—at least since the mid-1970s—on high-quality product design and automated production techniques.

Conversely, some of the most notorious British industrial failures of recent years were essentially caused by poor product or process design or



Japanese TVs: worldwide success; quartz watches: the Swiss struck back; EMI's body scanner

company's success or failure, its strategies, led management into two further cardinal errors: insufficient updating of the manufacturing processes by which the Mini was made; and paying attention too late to the need to update or replace it. The first mistake meant that a product could not be adequately cost-reduced, a key phase in the life of a design if its profit potential is to be fully exploited. The second meant that British Leyland missed out on the first few years of the European boom for small hatchbacks, and is now finding it inordinately expensive—or even impossible—to catch up.

In other words, the Mini could have been made more profitably if the right decisions had been taken at the right time. They were not, and many outsiders drew the conclusion that the innovation had been too radical.

As everyone knows, after early teething troubles, the Mini won accolade after accolade for good design, and is still going strong almost two decades after it was launched. Yet it has made BL and its predecessors British Leyland and BMC, very little money. "There you are," say sceptics, "innovative design doesn't pay." There is no single truth about the Mini story, as anyone who has been involved with it will point out. But at least one strongly held view in the motor industry runs like this:

For at least part of its long life, the Mini has been underpriced. This plus the lack of success with other mass market models, together perhaps with a lack of awareness of com-

pany's success or failure, its strategies, led management into two further cardinal errors: insufficient updating of the manufacturing processes by which the Mini was made; and paying attention too late to the need to update or replace it.

The problem is far from confined to tradition-minded companies in mechanical engineering, however weighty the evidence that they are the worst culprits. Just a cursory glance at several of this year's NEDO working party reports on relatively advanced sectors—such as domestic electrical appliances, office equipment and electronic consumer goods—shows how British shares of the world market have been falling, especially in many of the newer products.

One of the most important NEDO studies, on "International price competitiveness, non-price factors and export performance," concluded that the British engineering industry "tends to turn out products of lower unit value than Germany or France," and to import relatively high-valued products.

In other words, British products are often inferior to those of Germany and France. The implication is that relatively poor product design is one of the main factors behind Britain's disappointing export record, in spite of repeated sterling devaluations.

Fresh ways

Many of the most successful products from the German and Japanese industries are innovative only in the sense that they use well-known materials, components and techniques only in slightly fresh ways. Apart from a few frills, this applies to many of their latest cars, such as the VW Golf. VW's decision also to develop a diesel-engined variant was a riskier undertaking—though less so than the EMI Scanner—because diesel technology had never been applied to such a small car, and consumer reaction was also uncertain.

It was the growing apprecia-

This line of thinking, backed



VW's Golf (left): diesel innovation; BL's Mini: updating too late; Japanese motor-cycle.

Letters to the Editor

Peugeot/Chrysler

From Mr. B. A. Cole.

Sir—You report (August 31) on the meeting of union leaders in Geneva to discuss the Peugeot takeover of Chrysler's European time-limited licence. It is not a question of May 1, make two good solutions to unemployment, comments.

(1) The union leaders declared it to be "intolerable" that Chrysler should be "allowed to evade its economic and social responsibilities to workers by selling out and running away. What better way could a company as financially weak and as unsuccessful as Chrysler and to discharge its responsibilities than to persuade a stronger and more successful company to assume them? There seems no reason to believe that Peugeot will be any more responsible or less able than Chrysler.

(2) According to Mr. Duffy, the AUEW president-elect, the unions had to warn that "nationalisation undoubtedly will mean collision." Taken literally this means that the unions will fight any attempt to make Chrysler plants more efficient and thereby to increase security for their workers. Unfortunately they seem to miss this literally!

When will the union leaders realise that jobs can be safeguarded only by making the product more efficient than competitors? Unless an inefficient producer like Chrysler (or BL for that matter) can be rationalised and made more efficient, no power over it can save the workers' jobs: a free society.

B. A. Cole, Devonshire Avenue, Amersham, Bucks.

Hard-earned dollars

From the *Global Manager*, Transcription Sales, BBC.

Sir—See *Frags* (August 29) paid generous and deserved thanks to the staff of BBC rock concerts distributed worldwide (not only in this S.) by BBC Transcription Sales.

However, Mr. Frags' estimate of the BBC's contribution from the U.S. is grossly inflated. The billion mentioned is a gross figure, not a net one. My department has a very successful relationship with Don Waverly, our agents' rock programmes in the U.S., but the revenue accruing is far less than five, not eight, or even more figures. These hard-earned dollars are immediately ploughed back to assist in our constant effort to obtain greater exposure overseas for British artists in BBC radio programmes.

Cheryl Jones, BBC, Kensington House, Richmond, W9, W1.

Employment policy

From Mr. R. S. Mann.

Sir—Both your views on employment policy (September 1) and the Cambridge Economic Policy Group's views (September 2) are welcome. It is a pity that the Cambridge group's claim that the only obstacle to a more rational management of the employment market is the government's demand to pull down the obstacles. They are for precisely the same reason, namely the growing number of areas of the economy where demand is rising, as demand is rising. The Cambridge claim that import controls will solve our problems is very dubious.

A far more profound positive line of argument, if far as I know, all the other demand is to be met by raising employment, to create demand.

jobs which require little or no extra demand? The latter is quite easily done, for example by telling all members of the public that their unemployment benefit is conditional on spending three days a week on the meeting of union leaders in Geneva to discuss the Peugeot takeover of Chrysler's European time-limited licence. It is not a question of May 1, make two good solutions to unemployment, comments.

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B. A. Cole, Devonshire Avenue, Amersham, Bucks.

Steel and energy

From Mr. N. Jenkins.

Sir—In a recent discussion in the House of Commons on the steel industry's position, a number of industries seem to be planning great and possibly unjustified hopes on the worldwide steel industry returning to some substantial proportion of its former size. I wonder.

The chart produced by Kevin Done (September 1), stressing the steel industry's position, relates in terms of millions of tons, for eventual use in injection moulding, in GFR (glass-reinforced polyester) for both small and large projects. The resulting products, for instance, replace steel in many applications, but provide lower cost, lighter weight, and greater strength than steel.

Could I ask your readers if any research is being done on the economic effects of this substitution, research that is, in depth, the effect on fundamental energy policy could be very profound, and quite soon if not already evident likely to reflect into every conceivable facet of the energy dilemma with which we continue to be faced and which it would appear our lords and masters believe can be overcome by piecemeal even solely political decisions. Like the agreement to build Drax "B," for instance.

We need every drop of oil for transport—and for petrochemical feedstock. We cannot afford even to throw away the two tons of coal at Drax for every one ton of oil that can be turned into electricity, nor the two tons of oil for every one unit of power at the Isle of Grain and several other oil-fired power stations still being constructed. The alternative of widespread combined heat and power is being deliberately played down, condemned by committee as "uneconomic"—in spite of the unalterable laws of physics that demand that heat must be lost in the slow way that is already facing steel.

The London School and, as far as I know, all the other schools of economics, are co-opted to ignore the funda-

mental changes in our society that practical technology has already established. Where are the chairs of Energy Economics? The Open University has done good work on the fringes of energy, but without going far enough into the pressing need for a comprehensive, new overall picture. That work needs to be extended ten-fold and duplicated several times in parallel establishments whose conclusions can be taken as serious as this work deserves.

The Energy Unit at Harwell, I believe, is not all that well placed to establish the need for electricity, irreducible demand, and assuming discharge lamps and microprocessors, to say nothing of distributed heat and power (solar) a large proportion of the present demand. That, of course, is falling and not yet back to 1973 levels. We are gradually—if not indeed rapidly—seeing that energy is not all electricity, that we can in fact reduce our demand, gaining greater efficiency in the process. And yet the ETSU project has been dropped to a low priority. Possibly the boss of the Atomic Energy Authority doesn't like what it sees as its prospects for nuclear power stations.

What is known of active work on the subject, who else has more than an uneasy feeling of fast skating on thin and rapidly melting ice over very deep water?

Norman Jenkins, Whitehill, Epsom, Surrey.

Schedule D debate

From Mr. A. J. Kennedy.

Sir—Mr. Scott's letter (August 31) demonstrates precisely the misunderstanding about Schedule D taxpayers which Mr. Andrews (August 29) was trying to deal with.

Mr. Scott does not appear to understand that a Schedule D taxpayer is not a taxpayer in each fiscal year in which his business exists. Thus in his example of a financial year end of April 30, 1981, income tax would automatically be payable for the year ended April 5, 1981 and April 5, 1982, because the business existed in those two fiscal years. Tax is only payable on January 1 and July 1, 1981, if the business is still carried on in the business-tax year.

mental changes in our society that practical technology has already established. Where are the chairs of Energy Economics? The Open University has done good work on the fringes of energy, but without going far enough into the pressing need for a comprehensive, new overall picture. That work needs to be extended ten-fold and duplicated several times in parallel establishments whose conclusions can be taken as serious as this work deserves.

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Norman Jenkins, Whitehill, Epsom, Surrey.

Aluminium on the LME

From the *Financial Director* of the Commercial Metal Co.

Sir—It was indeed pleasing to read the letter in today's *Financial Times* from the chairman of the LME, Mr. Lewis, in which he expressed his criticism of the LME's facilities for hedging and holding of metal which followed the announcement of the introduction of an aluminium contract on the exchange.

In time of substantial metal surplus, the LME has amply demonstrated its ability to provide the necessary stock finance at highly competitive interest rates, thereby relieving producers and stockholders of the strain on their bank borrowing resources. We doubt if aluminium stocks have been financed as cheaply as copper during the past four years of surplus stocks.

Of even more importance to manufacturers is the facility which is available with all LME metals to enter, with closely controlled risks, into the "fixed price contract" opportunities often encountered in the Middle East and other export areas. Our experience is that many manufacturers of "semi" and other products with a high metal content do not know how to use the LME hedging facilities to control the risk of fixed future price commitments. We are hopeful that additional discussions (including criticisms) of the LME will increase awareness of its facilities.

T. J. Teague, Park House, 16, Finsbury Circus, EC2.

Travel to Gatwick

From Mr. A. H. Scott.

Sir—It did occur to me that people in the South West would not welcome the withdrawal of services to Gatwick, but their loss is a gain for people living between Hastings and Portsmouth whose fast trains now call at Gatwick.

Anyone who has connections in the North I would take issue with Mr. Ripley (September 1). They have fast trains both from the Midlands and North which go to Euston and St. Pancras and High Speed Trains to King's Cross. From King's Cross/St. Pancras there is now direct access by Piccadilly Line to Heathrow. From all three there is a very short journey by Victoria Line to Victoria, thence to Gatwick. Most areas, except Leeds/Bradford, are connected by air to Gatwick.

From the east to Liverpool Street it makes little difference which of the two airports we go to, and from east and west London will be avoided by road when the M25 is complete.

It is reported that Brynmor Airways are to start a service from Plymouth to Gatwick. Perhaps someone could do the same for Cardiff and Bristol. British Rail could run a limited stop service, connecting with its HSTs, from Reading to Gatwick and Brighton (Farnborough North, Guildford, Redhill, Gatwick, Brighton). Farnborough North is in a large conurbation and the other stations are junctions.

I do agree that provincial airports should carry more of the burden, especially Birmingham. I speak as a taxpayer.

A. H. Scott, 102, Beeches Road, Chelmsford.

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Today's Events

Prime Minister addresses Trade Union Congress, Brighton.

President Carter, Mr. Menem, Begin, Israeli Prime Minister, and President Sadat of Egypt open Middle East summit, Camp David, U.S.

Mr. Taro Fukuda, Japanese Prime Minister, due to arrive in Tehran at start of Middle East tour.

Sig. Giulio Andreotti, Italian Prime Minister, begins two-day official visit to Spain.

Mr. Denis Healey, Chancellor of the Exchequer, addresses Fabian Society meeting, Queens Hotel, Brighton.

Mr. Peter Shore, Environment Secretary, speaks at public meeting of Paddington Labour Party, Pinner, W.2, 7.30 pm.

Mr. Enoch Powell, M.P., speaks at Westminster Chamber of Commerce lunch, Royal Lancaster Hotel, W.2.

Publication of report by Government committee of inquiry into food and other facilities at motorway service areas.

Mr. Jay Crawford, Moscow representative of International Harvester, expected to be tried on corruption charges.

Mr. John Horum, Under-Secretary, Transport, visits Hampshire to discuss its transportation problems with the County Council.

Mr. Roy Hattersley, Prices Secretary, opens Great Britain Beer Festival, Alexandra Palace, Wood Green, N.22.

International Air Show continues, Farnborough, Hants. (until September 10).

British Association for the Advancement of Science conference continues, Bath University (until September 8).

International Congress of Aerospace Medicine continues, Royal College of Surgeons, W.C.2 (until September 8).

Shoppers 75 Stamp Fair opens, Cafe Royal, W.1 (until September 8).

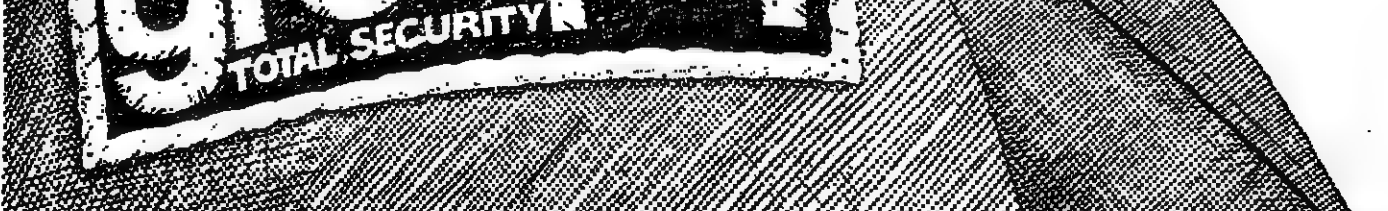
Official statistics: UK bank eligible liabilities, reserve assets, reserve ratios and special deposits; and London clearing banks' monthly statement (mid-August). Retail sales (July, final). Hire purchases and other instalment credit business (July).

COMPANY RESULTS

Final dividends: Apex Properties; Decca; Diploma Investments; Savile (J.) Gordon Group, Interim dividends: BICC, Blackwood-Hodge; Horizon Midlands; Le Bas (Edward); Morris and Blakey; Wall Papers; Nurdin and Peacock; Oxford Group; Provident Financial Group; Trade Indemnity, Interim dividends only: Plessey.

COMPANY MEETINGS

Celestion Industries, Brown's Hotel, W. 12, Jones (Edward) (Contractors), Penmaenmawr, 12, Montague L. Meyer, Charing Cross Hotel, W.C. 2, Wheeler's Restaurants, 17, High Street, Kensington, W. 10.30, Wrighton (P.), Billet Road, E. 12.



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BIDS AND DEALS

Comben has support for its increased offer

BY JAMES GARTHOLOWE

Mr. Bob Tanner and Mr. Peter Whitfield, directors of Comben, have been asked to recommend a 5 per cent increase in the company's offer for the takeover of the 100,000 shares of the company by the Comben Group. The offer, which was made last week, was for 100,000 shares at 100p each, a 5 per cent increase on the previous offer of 95p. Mr. Tanner said that the Board as a whole might decide to recommend the offer, but he added that he was not sure. Mr. Whitfield said that he was not sure either. The takeover of the company by the Comben Group is a significant move, as it would give the group a 50 per cent stake in the company. The company has a long history of success, and its shares have been a popular investment for many years. The takeover is expected to be completed by the end of the year.

CARLESS CAPEL INTEREST IN U.S. GAS FIELD

Carless Capel (America) Inc., a wholly-owned subsidiary of Carless Capel and Leonard, has purchased a 25 per cent interest in the Ledger gas field in Montana. The field is one of the largest in the state, and the purchase is expected to increase the company's production significantly. The company has been active in the oil and gas industry for many years, and this purchase is a major step in its expansion into the U.S. market.

CELTIC HAVEN PLACING

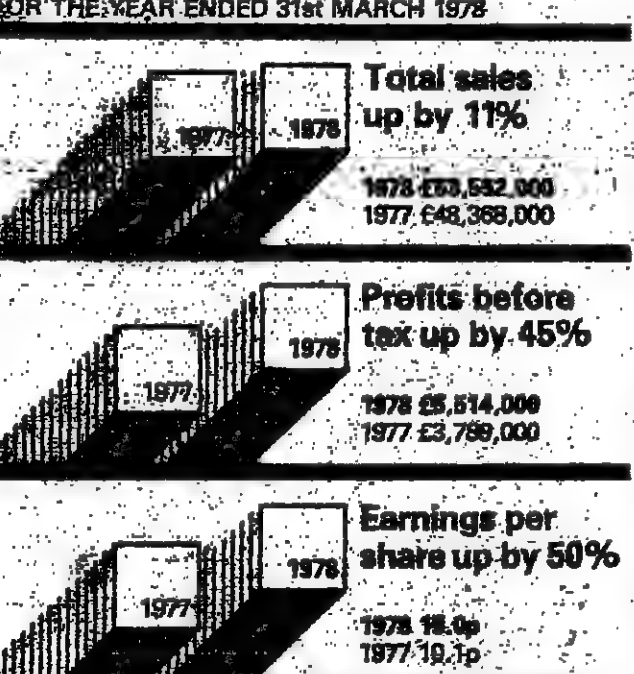
The Celtic Haven shares held by the receiver of Hancock Ship Building Co. (Pembroke) have been placed. The shares were previously held by the company, but due to financial difficulties, they were sold to the receiver. The placement is expected to provide the company with the funds it needs to continue its operations.

SHARE STAKES

D. P. Berman (Holdings) - J. M. Wainwright, chairman, has acquired 41,333 shares. The acquisition is a significant increase in the chairman's stake in the company, and it is expected to give him more influence over the company's affairs.

H & R Johnson-Richards Tiles Ltd. MANUFACTURERS OF Cristal Ceramic Wall & Floor Tiles

Summary of results FOR THE YEAR ENDED 31st MARCH 1978



Additional comments by the Chairman at the Annual General Meeting held on Wednesday 30th August 1978.

Trading during year to date satisfactory. Board continues to look forward to a year of steady progress. Continuation of statutory dividend control prevents immediate payment of substantially higher dividends, but this remains Board policy and position will be kept under continuing review.

REGISTERED OFFICE: HIGHGATE TILE WORKS, TUNSTALL, STOKES-ON-TRENT ST6 4JX. REGISTERED NO. 308999 ENGLAND.

G. R. FRANCIS GROUP LIMITED

Satisfactory results in a difficult year

SUMMARY OF RESULTS		1978	1977
Year ended 31st March			
Sales	£4,858,510	£4,241,577	
Net profit before tax	£228,773	£241,126	
Proposed dividend per share	3.50p	3.50p	

Review by the Chairman Mr. G. R. Francis

Although trading conditions generally continue to be difficult, I am pleased to be able to report another satisfactory year for the Group. Turnover for the year to 31st March, 1978, was 15% higher than that for the previous year, and whilst margins continue to be under pressure, this has in fact been sufficient to allow us to pay a dividend of 3.50p per share. The net profit for the year of £228,773 reflects a second half profit of £130,260, an improvement of 32% compared to the first half. We are continuing to expand our product range and are encouraged by the results which have assisted in maintaining our share of a depressed market. In the circumstances your Directors have no hesitation in proposing that the dividend be again increased by the maximum amount permitted to 3.50p per share. We have given consideration to the Stock Exchange recommendation concerning inflation accounting but have decided that, with the continuing uncertainties, it is not appropriate to present the inflation adjusted statement this year; we shall however continue to carefully monitor and assess the situation.

Heating and Plumbing Merchants - BIRMINGHAM

Fitch Lovell committed to 'noticeable' growth

THE OPERATING companies of Fitch Lovell have begun the current year committed to achieving results noticeably ahead of those recorded over the last year. The chairman, Mr. Michael Webster, said that the company is committed to a policy of growth, and that it expects to achieve a 10% increase in turnover over the next year.

The group is stronger for the experience of a difficult year in 1977-78, and plans for the current year have been made on the assumption that conditions in the food industry could remain difficult. Last year profit before tax fell from £7.98m to £6.25m on sales ahead from £44.62m to £50.12m. For the future the Board is seeking increased involvement in the manufacturing sector where higher margins are available and where opportunities have been identified. The group is also engaged in the planned development of its wholesale interests, with particular reference to the catering and institutional trade. Directors also believe that long-term growth through investment in new stores can be achieved in the multiple retail sector.

Since the year-end the group has formed a new sector - agriculture, fisheries and food - and directors are confident of the overall benefit of its involvement in agriculture. The Board has authorised projects and re-equipment proposals totalling some £25.3m. At least £10m will not be incurred in the current year. Last year capital expenditure totalled £14.9m. One of the projects will be a new abattoir - built to EEC standards at Burton-on-Trent. On the meat side improvements are being made to the existing facilities, while plans have been made for an abattoir in the French market with its frozen poultry products after the expansion last year of exports to Holland and Germany. The company is also confident of future growth in frozen foods and current forecasts indicate a

considerable increase in the total market value by the early 1980s, Mr. Webster says. At its French subsidiary conditions remain adverse but improvements in efficiency continue to be made. A sustained advance by the recently acquired Pilswood Foods is expected. A significant improvement in the current year in canned fruit and vegetables is also looked for. On the retailing side economy measures have been made and substantial economies are expected to result in the second half of the current year and subsequently. Two new stores will open soon in Essex and Berkshire. Mr. Webster is confident of the further potential of West Lorton, its butchers' shops and delicatessen subsidiary. With its marine farming operations, taken quantities of salmon and turbot were marketed last year and sales of salmon are expected to build up from next autumn onwards.

Overall the project can be considered to be on target, although revisions to the programme are being made with regard to the integrated oyster operation, which last year increased export trade. Dover sole developments, which have been the past proved difficult, are showing signs of progress and could well be a breakthrough point for the company. With Hutton and Co. (Ships Chandlery) new contracts are being obtained and the current year is expected to show an improvement. At balance date fixed assets of the group stood at £47.5m (£40.9m) and net current assets were £25.1m. Meeting: Connaught Rooms, W.C., September 25 at noon.

EIS achieves 32% profit advance in first half

Turnover for the half year was £13.9m against £11.1m and directors say progress continues to be made despite some difficult trading conditions in the house building industry. Improving profits are expected for the full year. The result is after interest charges of £41,901 (£43,880) and extraordinary credits of £39,585 (£39,524). No tax liability is anticipated. The result for the half of 1977, a record £1.41m pre-tax profit was achieved. After half-yearly tax of £498,000 (£508,400) extraordinary credit last time, available profits for the period advanced from £181,000 to £413,500. Stated earnings, before extraordinary items, of £25p per share and the interim dividend is lifted from 0.575p to 1.075p net, costing £123,500 (£113,000) - last year's final was 2.60p. The chairman reports that the group's performance was encouraging. There has been a recovery in orders for jet engine products and demand for hydraulic components for the agricultural equipment industry remains strong. The board has approved the expenditure of some £1m for a major research programme which will involve factory extensions and installation of additional plant designed to enable Kontak to increase the production of Unit 19 turbines by about 50 per cent by the end of 1978. Hick Hargreaves enjoyed an interrupted production in the first half of the year and achieved a useful increase in turnover and profit compared with the same period of 1977, although still below the high levels achieved in 1976. The modernisation of its factory has been completed and improvement to plant and factory layout continues, says Mr. Walters. Although turnover and profit of Fitch Watson was lower than in the first half of 1977, owing to a combination of factors, the company's performance is encouraging. The company's ownership and that its acquisition will prove of long-term benefit.

Pru sets up life branch in Amsterdam

Prudential Assurance intends to expand its business in the Netherlands, where at present it markets general insurance through a local agent, by setting up a life insurance branch in Amsterdam. The new branch will be headed by Mr. J. H. van der Meer, who has been appointed as the first manager. The branch is expected to start operations in the near future.

Long term growth seen by Benn Bros.

The investment of resources for the long term benefit of Benn Brothers publishing interests has ranged over a wide area and the directors are confident that it will act not only as a consolidation of existing interests but also as a springboard for future profitability, says Mr. Richard Woolley, the chairman, in his annual statement. At the same time, the group is continuing to remain alert to any opportunity to strengthen its position by capital investment in the purchase of other publications. During the year, the Retail Chemist and its associated price list, the Red Book, were brought from IPC Business Press for £240,000.

Dares Estates pays interim

With its net profit in the June 30, 1978 half year ahead from £38,513 to £41,155 Dares Estates has decided to pay a 10p share interim dividend. Last year a 0.5p single payment was made on total net profits of £39,000.

CELESTION INDUSTRIES

Mr. D. D. Pynn (Chairman) reports on the year ended 1st April, 1978. MAJOR ACQUISITION Wood Bestow Group, garment suppliers to Marks & Spencer, and manufacturers of "Six" swimwear, acquired in November 1977. TURNOVER INCREASE From £12,389,000 to £20,033,600. PRE-TAX PROFIT Up from £1,053,416 to £1,178,527. HIGHER DIVIDEND Net dividend .75p per share against .425p last year. (.65p forecast at time of Wood Bestow acquisition). EXPORTS UP 50% From £3,348,000 to £5,060,000. PROSPECTS More encouraging prospects for current year and further growth expected in future. Copies of the Report and Accounts may be obtained from the Secretary. Celestion Industries Limited, 130 Mount Street, London W1Y 5HA. Telephone: 01-499 5641.

MINING NEWS

Texasgulf still likes copper

BY KENNETH MARSTON, MINING EDITOR

THE RECENT recovery in copper to be so opposed to mining. The recovery is one of the few companies to be pressing ahead with a major capacity expansion. Canada's Northern Miner reports that the completion of the company's Canadian \$215m (£85m) Kidd Creek mine and mill expansion is expected in 1981. Shortly after this the \$257m copper smelter and refinery complex at Kidd Creek will be completed. The complex will have an initial production capacity of 65,000 tonnes of refined copper per year. The operating costs at the Kidd Creek operation are the lowest in the world for an underground mine. Also looking hopefully to the future is another U.S. mining giant, Newmont Mining. Its Canadian subsidiary plans a \$250m project to build a production of the Copper Mountain orebodies at its existing Similkameen operations near Princeton in British Columbia. Studies carried out on the potential open-pit have added some 100m tonnes to existing reserves. In this case no immediate increase in production is planned, but the planning of deposits will add many years to the life of the Similkameen operations.

A different story comes from Peru, where Japan's Itochu Corporation has a 50 per cent stake in the Cerro de Pasco copper mine. The mine has been producing since 1954 and has a capacity of 1.5m tonnes per year. The mine is expected to produce 1.5m tonnes per year in 1981. The mine is expected to produce 1.5m tonnes per year in 1981. The mine is expected to produce 1.5m tonnes per year in 1981.

Ranger work may start in three weeks

WORK ON the development of the Ranger uranium deposit of the Anglo American Corporation in Australia's Northern Territory is expected to start in about three weeks. Mr. Malcolm Fraser, the Australian Prime Minister, said in a television interview that the remaining hurdles of Aboriginal approval of royalty payments and some technical details were likely to be cleared in about two to three weeks. Initial engineering work must start before October because the subsequent onset of the wet season would delay the project by several months. It will take about three years to start the A330m (£180m) mine to commercial production. Peko and E2 each have a 25 per cent stake in the venture, while the Government, which holds the remaining 50 per cent, is committed to putting up 75 per cent of the capital cost. Also on the starting line, with a 50 per cent stake, is the smaller Nabarlek project of Queensland Mines which would take about 18 months to reach the production stage. In a sharemarket yesterday, Peko Walkem gained 10p to 532p, E2 were 5p up at 270p.

HAMPTON AREAS SEEKING SMALL MINE VENTURES

The London-based Hampton Gold Mining Areas, whose basic income source consists of royalties on part of Western Australia's nickel production at the Kambalda mine in Western Australia, continues to look for further investment possibilities. A recent major acquisition was that of the White coal mining machinery group in Yorkshire which has exceeded its 1977-78 profit forecast. Small mining operations are considered attractive and at yesterday's meeting the Hampton Areas chairman, Mr. J. R. M. Canada's potash capacity said: "Our largest four customers are still Japan, India, Brazil and Korea, but we are experiencing a general strengthening of sales as we enter the new fertilizer year. Offshore buyers are showing increased interest in Canadian potash because we offer long-term supply and the ability to provide reliable delivery." In many cases Australia is leading the world in the way it handles its environment along with its mineral resources. Professor Kenneth Melville, who said in Perth that he was impressed with the way mining companies were employing ecologists to handle environmental problems. The mining companies seemed to be doing all they could to re-vegetate mixed areas and improve the environment to a condition close to its native state. Professor Melville added that some conservation groups seemed to be doing all they could to re-vegetate mixed areas and improve the environment to a condition close to its native state. Professor Melville added that some conservation groups seemed to be doing all they could to re-vegetate mixed areas and improve the environment to a condition close to its native state.

ROUND-UP

Exports overseas of Canada's potash rose 18 per cent in July compared with the same month in 1977. Mr. Roger Hatch, president of Canpotex, which represents some 50 per cent of Canada's potash capacity said: "Our largest four customers are still Japan, India, Brazil and Korea, but we are experiencing a general strengthening of sales as we enter the new fertilizer year. Offshore buyers are showing increased interest in Canadian potash because we offer long-term supply and the ability to provide reliable delivery." In many cases Australia is leading the world in the way it handles its environment along with its mineral resources. Professor Kenneth Melville, who said in Perth that he was impressed with the way mining companies were employing ecologists to handle environmental problems. The mining companies seemed to be doing all they could to re-vegetate mixed areas and improve the environment to a condition close to its native state. Professor Melville added that some conservation groups seemed to be doing all they could to re-vegetate mixed areas and improve the environment to a condition close to its native state.

Midway rise for Scottish Eastern Trust

From gross income of £2,521,573 compared with £2,195,472 last year, taxable profit of Scottish Eastern Investment Trust advanced from £1,918,873 to £2,238,161 in the July 31, 1978 half year. After tax of £576,559 (£755,452) net profit emerged at £1,661,614 against £1,443,421. Earnings per share are given as 184p (180p) and a net interim of 2p (1.25p) per 25p share has already been announced.

Dopo il fatto, il consiglio non vale

(When a thing is done, advice comes too late)

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APPOINTMENTS

International Treasurer

YOUNG ACCOUNTANT

for a highly respected American company making sophisticated equipment based on electronics technology. This is a new appointment to the small European headquarters staff in London, on which management of Eastern Hemisphere operations is based.

• **PRINCIPAL** responsibility to the finance director is for the management and control of funds in the region, taxation matters, and for a close involvement in the risk management of assets generally.

• **THE** need is for a qualified accountant with well above average capacity across a range of financial activity in an international corporate environment, rather than for substantial treasury experience as such.

• **AGE** probably late 20's. Remuneration around £12,000 with excellent additional benefits.

Write in complete confidence
to A. Longland as adviser to the company.

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Jonathan Wren - Banking Appointments

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FOREIGN EXCHANGE ADVISOR

c. £9,000
We have been asked by a well-known international corporation to assist in the recruitment of a Foreign Exchange Advisor, to be based at European Headquarters in London.

The person appointed will work as a member of a team involved in management of the company's Foreign Exchange exposures; within this team, he or she will play a central role in developing and implementing Foreign Exchange hedging strategy, as well as advising operating departments on their Foreign Exchange problems.

The position therefore requires an in-depth knowledge of Foreign Exchange markets, which will have been gained in an international banking environment or in the Treasury Department of a multinational company. Candidates, ideally aged 25-35, should additionally hold a university degree or a professional qualification and possess good analytical and communicative skills.

Contact: SOPHIE CLEGG or KEN ANDERSON

EUROBOND DEALER

£8,000/£10,000
An international investment company, currently expanding its activities, seeks an experienced Eurobond Dealer. Candidates will ideally be aged between 23-30, with a minimum of two years' experience gained in both primary and secondary markets and accustomed to working in a busy dealing-room. Comprehensive knowledge of back-up work is essential.

Contact: NORMA GIVEN or RICHARD MEREDITH

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We can currently offer a wide selection of openings in most fields and levels of banking. These include Loan Administration (£4,500-£5,500), Credit Analysis/Control (£7,500), Export Finance (£7,500), Documentary Credits (£8,500), Bills (£4,000), Foreign Exchange/Deposit Dealing (£7,000-£10,000), Eurobond Settlements (£5,000), Audit (£4,700), Accounts (£4,200), General Banking Operations (£3,300), and others.

Contact: KEN ANDERSON or ROY WEBB

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

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An opportunity exists in the Middle East for an outstanding senior executive of genuine provable ability with a track record of at least 15 years in management of trading or similar entrepreneurial concerns.

Candidates must have a wide ranging knowledge of all aspects of international trading and particular skills in organising and running a multi-divisional company with branches.

The post will be that of General Manager and the rewards will be extremely attractive to an appointee of the right calibre.

Terms will include incentive in the form of profit sharing.

Applications in writing with full curriculum vitae to Box A6455, Financial Times, 10, Cannon Street, EC4P 4BY.

Director and Secretary

The Plant Royalty Bureau Ltd.

The Plant Royalty Bureau is responsible for the licensing of plant varieties, the collection of royalties and the general administration of plant breeder's rights. In addition the Bureau acts as Secretaries to the British Association of Plant Breeders.

The present Director has been appointed to a position in the International Union for the Protection of New Varieties of Plants in Geneva.

Applications are invited from candidates who have all or some of the following:-

• Experience of working in industry, and with Trade Associations and Government Departments
• An understanding of legal problems - if not actual legal training
• High level administrative experience, and -
• International experience with a working knowledge of French and German

A substantial and negotiable salary will be paid and a car provided. Other benefits are commensurate with the senior nature of the position. Write, in confidence, giving full details of career and present salary to,

The Chairman of the Committee,
The Plant Royalty Bureau Ltd.,
Woolpack Chambers,
Market Street, Bly, Cambs.

THE CUSTOMS FUND

SECRETARY - CHIEF EXECUTIVE

The Directors of the Customs Fund are looking for a successor to the present Secretary and Chief Executive who is due to retire in April 1979.

The Customs Fund is an independent undertaking established by Act of Parliament and offering various forms of life insurance and savings schemes to Customs and Excise personnel and their families. The Fund maintains its own life fund and is advised by a consultant actuary.

The successful applicant will assume day-to-day responsibility for an expanding and forward-looking insurance business, an appointment calling for dedication and all-round abilities with special emphasis on marketing, underwriting and investment. The Secretary needs to have a working knowledge of law and accountancy, is in charge of a small but experienced staff and is responsible to a non-executive Board composed of officials and past officials of Customs and Excise.

No age limits are stipulated for this unusual and challenging post but it is thought that a suitable blend of qualities and experience could be found in a candidate of approximately 40 years of age. The conditions of employment of the Fund staff closely follow those of the Civil Service and there is an approved pension scheme, for the administration of which the Secretary is responsible.

The salary will depend on the calibre of the successful candidate but it is not likely to be less than £8,000 a year. The appointee will be expected to take office as Secretary-designate early in February 1979.

Applicants should apply in writing to the President, The Customs Fund, King's Beam House, Mark Lane, London EC3R 7HE, marking the envelope SECRETARY in the top left-hand corner and enclosing details of education and career and of any professional qualifications.

HQ. Accountant to £10,000

A major British engineering Group requires a qualified accountant at its headquarters located West of London.

The position represents a rare opportunity to demonstrate initiative and enterprise and to work with minimal supervision on a wide range of activities including:

- Financial planning and control
- Project work in the UK and overseas
- Consultation with external professional advisers

The new appointment offers career advancement opportunities into the 1980's. Candidates, male or female, aged 30-35 must have at least two years' post-qualification professional experience.

Write or telephone for the client company's application form quoting ref. 926.

Charles Barker-Coulthard

30 Farringdon Street, London EC4A 4EA
Telephone 01-236 0526

SALES MANAGER

POLYPROPYLENE

A LEADING PRODUCER OF PETROCHEMICAL PRODUCTS IS EXPANDING ITS SALES ACTIVITY IN POLYPROPYLENE.

This well known company is looking for area managers who will be responsible for the sales activities in the United Kingdom and some European countries. This position requires a man/woman capable of negotiating at a high level. Based in the U.K., he/she will be in direct contact with customers and distributors. Age is not a limiting factor, but some extensive travelling is involved and a high level of experience is required. The right man/woman will probably be a university or technical school graduate with a minimum of 6 years' professional experience in plastics, or have a proven record in Polymer sales. Training at the company's headquarters abroad will give the successful candidate the special knowledge required for this field. A command of one continental language is an asset. In addition to remuneration and expenses, the successful candidate will have an excellent opportunity of developing his/her skills in an international environment. Strict confidential treatment of applications is guaranteed.

Write Box F1048, Financial Times,
10, Cannon Street, EC4P 4BY.

UNIVERSITY APPOINTMENTS

UNIVERSITY OF ASTON IN BIRMINGHAM

MANAGEMENT CENTRE
Lecturers in Business Policy
(Ref. No. 294/27) (2 posts)

Candidates should have a degree or a professional qualification with a minimum of 6 years' experience in the field of significant relevant practical experience.

Business Policy is a rapidly developing subject area in the Management Centre and further development in research as well as teaching on Postgraduate, Undergraduate and Postgraduate programmes would be encouraged.

The following appointments are within the Economics, Economics, Statistics and Marketing Subject Group:

LECTURES IN ECONOMICS

(1) LECTURESHIP IN ECONOMICS AND STATISTICS (Ref. 294/27)

The successful applicant for the Economics Lectureship will be expected to contribute to the Undergraduate and Postgraduate teaching programmes in Economics and to undertake Postgraduate research in his or her speciality. The successful applicant for the post in Economics and Statistics will be expected to contribute to the Undergraduate and Postgraduate teaching programmes in Economics, but also be expected to undertake some teaching of Statistics.

It would be an advantage if the applicant had an interest in, or practical experience of, macro-economic forecasting. The successful candidates will also have some administrative responsibilities.

SENIOR LECTURESHIP IN MARKETING (Ref. 294/28)

The successful applicant will be expected to contribute to the Undergraduate and Postgraduate teaching programmes in Marketing and to undertake Postgraduate research in his or her speciality. The successful applicant for the post in Marketing will be expected to contribute to the Undergraduate and Postgraduate teaching programmes in Marketing, but also be expected to undertake some teaching of Statistics.

Director and Secretary

The Plant Royalty Bureau Ltd.

The Plant Royalty Bureau is responsible for the licensing of plant varieties, the collection of royalties and the general administration of plant breeder's rights. In addition the Bureau acts as Secretaries to the British Association of Plant Breeders.

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Applications are invited from candidates who have all or some of the following:-

• Experience of working in industry, and with Trade Associations and Government Departments
• An understanding of legal problems - if not actual legal training
• High level administrative experience, and -
• International experience with a working knowledge of French and German

A substantial and negotiable salary will be paid and a car provided. Other benefits are commensurate with the senior nature of the position. Write, in confidence, giving full details of career and present salary to,

The Chairman of the Committee,
The Plant Royalty Bureau Ltd.,
Woolpack Chambers,
Market Street, Bly, Cambs.

ART GALLERIES

FINE ART SOCIETY, 148, New Bond St., London W1A 1AB. SUMMER EXHIBITION.

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c. £5,000 p.a.

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Applicants should have a good basic knowledge of accounting and credit control, an understanding of Company Law and legislation governing bankruptcy and liquidation, plus experience in determining credit limits and progression of accounts.

Salary according to qualifications and experience not less than £5000 per annum in progressive scale. Life Assurance/Pension Scheme, Sick Pay and good Holiday Entitlement.

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Recruitment Manager, Reapley Ltd., 415 Edgware Road, Cricklewood, London NW2 6LR.

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EDUCATIONAL

SEPTEMBER 20-23

A further 3-day introductory course is being held by IAPL/PLUS Ltd. in response to continuing interest from people wishing to learn more about the extremely powerful programming language, APL.

SEPTEMBER 19

APL/PLUS Ltd. is offering a one-day introductory course, primarily for the experienced APL programmer, on the new APL/PLUS language. The course will be held at the Royal College of Science, London W2C 1AL. Tel. 01-242 8125.

LEGAL NOTICES

No. 20274 of 1978

In the HIGH COURT OF JUSTICE, Chancery Division Companies Court, the Matter of PARK CHAIRS Ltd. and in the Matter of The Court Act, 1946.

NOTICE IS HEREBY GIVEN that the Petition for the Winding-up of the said named Company by the said Court, presented to the said Court on the 21st day of August 1978, and that the said Petition is now pending in the said Court.

It is hereby ordered that the said Petition be read at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 14th day of October 1978, at 10.30 a.m. and that any creditor or contributory of the said Company who wishes to oppose or support the said Petition must appear at the time of hearing, or by his counsel, for that purpose a copy of the Petition will be sent to the said creditor or contributory of the said Company by the undersigned to the last address known to him, or by post, in which case the said creditor or contributory must file a copy of the Petition with the undersigned on or before the 13th day of October 1978.

Matthew Parker, Solicitor.

10, Cannon Street, London EC4P 4BY.

NOTICE - If a creditor or contributory of the said Company wishes to oppose or support the said Petition, he must appear at the time of hearing, or by his counsel, for that purpose a copy of the Petition will be sent to the said creditor or contributory of the said Company by the undersigned to the last address known to him, or by post, in which case the said creditor or contributory must file a copy of the Petition with the undersigned on or before the 13th day of October 1978.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Turkey launches funding

By Metin Memri

ANKARA, Sept. 4. Turkey's long-awaited scheme for restructuring \$2.5bn of short-term debt to foreign banks and syndicates is to be launched this week, according to Turkish Finance Minister Ziya Muezzinoglu.

The central bank will be sending documents to 250-odd banks this week soliciting their participation in the restructuring. Mr. Muezzinoglu said.

The banks will be given a deadline of some two weeks to examine the proposal and report back to the Ministry of Finance. The Ministry of Finance, however, is referring to the "seventeen" instead of "the eight".

The co-ordinating banks will also be given an official mandate to raise \$2.5bn. They have already underwritten \$200m and hope to be able to raise at least \$2.3bn.

Swiss Bank Corporation appears to have dropped out of the co-ordinating group. The representatives of this bank are expected to attend the next two meetings of the co-ordinators "because of short notice". The Ministry of Finance, however, is referring to the "seventeen" instead of "the eight".

EUROBONDS
Holiday lull in markets

By Mary Campbell
THE MARKETS were quiet yesterday, not least because of the holidays in the U.S. and elsewhere. The pricing due today of the eight-year Eurobond issue is expected to be at par with other terms unchanged from indications: the coupon will be 8 per cent. Allotment is not due until tomorrow.

The issue is expected to be a floating rate note, some \$1.5bn, and the minimum rate at 10 per cent. The issue is particularly interesting because of the expected medium-term syndicated loan. Although a mandate to arrange it has apparently not been awarded to any single bank or group of banks, the terms are expected to include a margin set lower than that on the FRN issue, a rare example of such a case.

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Norsk Hydro earnings improve

BY FAY GJETER IN OSLO AND KEVIN DONE IN LONDON

NORSK HYDRO, the Norwegian metals, chemicals and energy group reported higher turnover and operating profits yesterday for the year ending June 30, mainly as a result of its oil activities.

Preliminary figures show turnover at Nkr 5,330m, or \$1.35 bn. This year's turnover is calculated in compliance with Norway's new companies Act: the comparable figure a year earlier was Nkr 5,330m, giving an increase for 1977-78 of Nkr 1,301m.

Profit before tax and allocations was Nkr 241m, against Nkr 247m in 1976-77. Group operating profit was Nkr 683m, compared with Nkr 482m, after a charge for extraordinary depreciation of Nkr 508m compared with Nkr 261m the year before. An unchanged 12 per cent dividend is proposed.

Norsk Hydro's president Mr. Odd Narud attributed the improved results to increased production of North Sea oil and gas, significantly boosted by the start of gas deliveries last autumn from the Frigg and Ekofisk fields, in which Hydro is a partner.

Hydro's traditional industrial activities in the fields of energy, fertilisers, aluminium, magnesium and PVC gave broadly unchanged results. Mr. Narud said.

The company is entering a period of consolidation following very heavy investment commitments in recent years. The last four years Norsk Hydro has invested Nkr 5bn chiefly in its North Sea and petrochemical activities. According to Mr. Narud: "That is far too much for a company of our size to continue for a long time."

The capital expenditure programme has already been reduced significantly. From a level of Nkr 3bn in 1976/77 it was cut back to Nkr 2.5bn in 1977/78 and in the current year it is expected to be around Nkr 1bn.

Because it is drawing in its horns Norsk Hydro has had to announce a base recruitment of extra staff in the current year. It has also shelved some major expansion schemes in its traditional areas of business. It has postponed the building of an aluminium smelter at Glomfjord and a magnesium smelter at Mongstad.

Future expansion in these areas, said Mr. Narud, will have to concentrate on additions to existing plant rather than the establishment of new factories on greenfield sites.

The company is now engaged in bringing onstream a series of major plants at Norway's first integrated petrochemical complex at Rafnes, on the south coast. Norsk Hydro's share in the massive investment of Nkr 5bn totals some Nkr 3bn (compared with the company's total asset base of Nkr 12bn) and building costs have escalated by 50-60 per cent since construction began in 1974.

Rafnes could be the last greenfield development for some years, said Mr. Narud. The plants are coming into production at a time when the West European petrochemicals industry is going through a serious recession, suffering from severe overcapacity and weak prices. "Rafnes will have a big negative influence on our results in the first few years," said Mr. Narud. He did not expect the petrochemicals division to be also profitable before the mid-1980s. However, the company's income during this period will be boosted by rising revenue from its North Sea oil and gas activities, chiefly its 20 per cent share in the Frigg gas field and its 6.7 per cent interest in the Ekofisk field. It will continue to invest some Nkr 100m a year in oil and gas exploration work. Increased oil and gas investment would depend on the success of this activity, but Norsk Hydro is prepared to take on additional development commitments, said Mr. Narud.

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Norsk Hydro's more pressing aim, however, is to smooth out the company's earnings, by returning to a "more normal" ratio of debt to equity in its finances.

Five to six years ago Norsk Hydro was funded by 40 per cent equity, but this has been reduced sharply during the last period of heavy investment to a level of about 20 per cent, said Mr. Narud. He hopes to return Norsk Hydro to a level of 40 per cent equity funding by the mid-1980s. The company is also rescheduling its loan repayments over a longer term and is altering the currency of some of its borrowings.

Swiss foods group ahead

Business continues satisfactory in Spain.

The Geneva engineering company Ateliers des Charmilles has increased its dividend from 6 to 8 per cent. Net profit rose to SwFr3.1m on a turnover of SwFr22.7m, marking "the end of a difficult period," according to company president P. Waldevogel. Charmilles, which will continue efforts to improve return on capital and achieve a wider degree of self-financing, says orders in the first months of the current year allow a "certain optimism" for the immediate future of the undertaking.

Abroad, the French subsidiary has recorded a further improvement in earnings and the Lyons-based company will this year move out of the red for the first time in several years. The Dutch affiliate reports rising sales but will not show a profit until next year. Sales of the Italian subsidiary are higher than expected.

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Salen cuts half-year losses

By William Dufforce

STOCKHOLM, Sept. 4. THE Salen shipping group made a pre-tax loss of Skr 68m (\$15.4m) in the first half of this year. This follows losses of Skr 78m for the first half of 1977 and Skr 253m for the year as a whole. The company expects the loss before extraordinary items for 1978 to be less than last year's; the management is planning to dispose of its remaining tankers.

The half-year statement coincides with Stockholm Press reports that two foreign shipping companies have made separate offers for the hard-pressed Swedish shipper's profitable refrigerated fleet. The offer is understood to be studying ways of giving financial support to both Salen and Brostrom, the other major Swedish shipping concern, to avoid a foreign takeover.

Salen's half-year turnover was up by Skr 110m to Skr 1.16bn (\$263m). The Skr 68m pre-tax loss includes an income of Skr 35m from the sale of ships and is marked by an increase of Skr 37m in financial costs to Skr 102m as a result of increased borrowings.

By selling ships, property and over three-quarters of its shares in the Kockums ship-building group Salen did, however, manage to maintain its target of keeping liquidity above the Skr 200m mark. Liquid assets at the end of June totalled Skr 222m compared with Skr 306m at the beginning of the year.

The refrigerated fleet continued to turn in good results during the first half and the dry cargo market improved from a very low level during the second quarter without appreciably affecting the half-year result.

Swiss banks cut rates

By Our Own Correspondent
ZURICH, Sept. 4. SWITZERLAND'S FOUR highest commercial banks have reduced the interest rate for their over-the-counter medium-term bonds as from today, writes John Wicks from Zurich. Interest on these "Kasseeobligationen," which is among key indicators for Swiss capital-market rates, has been cut by 0.25 per cent to 2.5 per cent on three and four-year maturities. The five and six-year bonds and the seven and eight-year maturities have been reduced by a similar 0.25 per cent to 2.75 per cent and 3 per cent respectively.

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Credit Commercial profits setback

BY DAVID WHITE

PARIS, Sept. 4

LOWER first half profits and a forecast of a decline for 1978 as a whole were unveiled today by the private sector bank Credit Commercial de France. Earlier activity in export credits, which this year the bank was budgeting for a further improvement, escape the regime of credit expansion ceilings imposed by the government.

During the same period, clients' deposits had expanded by 11.2 per cent, rather more than the level of consumer price inflation, and the bank's balance sheet total by 12.5 per cent. The revised earnings outlook was affected above all by provisions made to cover certain bad risks, but also by an increased tax burden under legislation introduced at the end of last year.

On the positive side, M. Leveque said that the resurgence of the stock market in the aftermath of the centre-right government's election victory had enabled the bank to expand its specialised financial services, while activity in long-term finance for both private and public sector enterprises had expanded by only 5.7 per cent.

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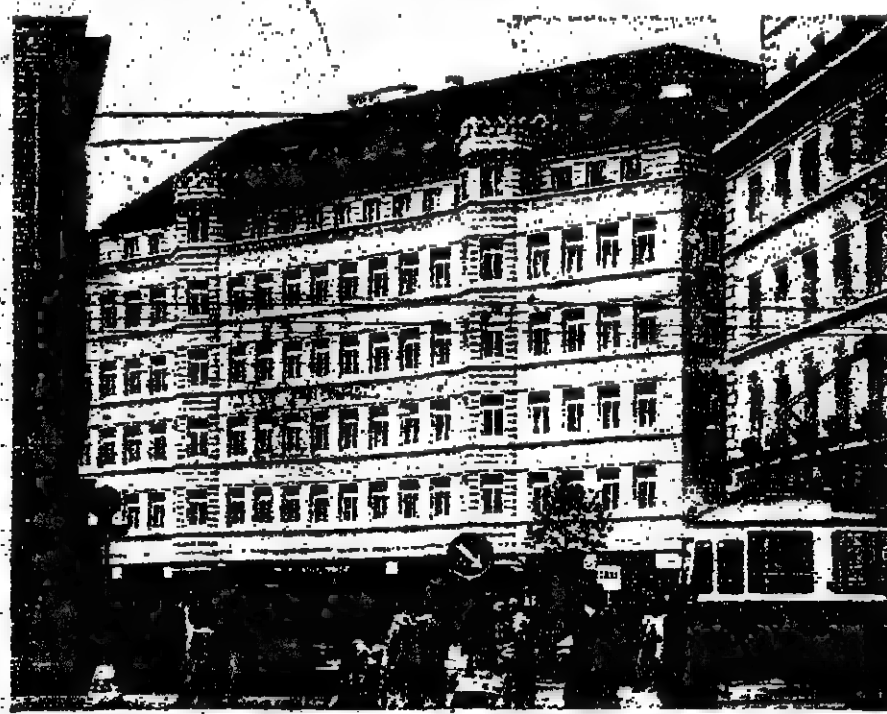
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Zurich, Bahnhofstrasse 45, June 30th, 1978

Union Bank of Switzerland reports:

Favourable results in a climate of strong competition

Continued growth and stability are the prominent trend in the bank's balance sheet for the first half of 1978. Total assets rose by Sfr. 780 million to Sfr. 56.9 billion in the period from December 31st, 1977 to June 30th, 1978. Balances deposited by other banks declined by Sfr. 531 million to Sfr. 16.3 billion, while customer de-



The "Felsenhof", new Zurich headquarters of the UBS International Division

This growth was shared almost equally between domestic and foreign borrowers. The upturn in lending operations to business and industry allowed us to reduce our deposits with other banks by Sfr. 715 million.

New Centre for the UBS International Division
During the summer the international division of Union Bank of Switzerland

land moved into its new premises just off the Bahnhofstrasse in Zurich. Care was taken during the construction of the new bank premises to preserve the beautiful facade of the old "Felsenhof" building. International operations now represent roughly half of the business volume of UBS, a full service bank in the true sense of the word. From its Head Office in Zurich, Union Bank is closely linked with all parts of the world through its branches, representative offices and subsidiaries in the following cities: Abu Dhabi, Bahrain, Beirut, Bogota, Buenos Aires, Caracas, Cayman Islands, Chicago, Hamilton/Bermuda, Hong Kong, Johannesburg, London, Los Angeles, Luxembourg, Madrid, Melbourne, Mexico, Montreal, Moscow, New York, Panama, Rio de Janeiro, San Francisco, Sao Paulo, Singapore, Sydney, Tehran, Tokyo and Toronto. UBS has 210 offices in Switzerland employing a staff of some 14,000.

Balance Sheet Figures	Dec. 31, 1977	June 30, 1978
Total Assets	56,119	56,899
Customer Deposits	32,014	33,558
Bank Deposits	16,871	16,340
Loans to Customers	23,496	24,855
Loans to Banks	21,502	20,787
Capital Resources (Share Capital + Reserves)	3,535	3,690

posits increased by Sfr. 1,544 million to Sfr. 33.6 billion. Capital resources strengthened by Sfr. 155 million to total Sfr. 3.7 billion. Tough competition in the credit sector did not prevent UBS from expanding its loan portfolio to customers by Sfr. 1.4 billion to Sfr. 24.9 billion. This additional volume consists of current account loans in the amount of Sfr. 303 million, fixed loans and advances of Sfr. 219 million, loans to public authorities at all levels of Sfr. 286 million and mortgages for Sfr. 551 million.



Union Bank of Switzerland

Province de Québec
U.S. \$500,000,000

Ten Year Credit Facility

Managed by

Orion Bank Limited
Bank of Montreal
Canadian Imperial Bank of Commerce

Algemene Bank Nederland N.V.
The Bank of Tokyo, Ltd.
Banque Nationale de Paris
Commerzbank Aktiengesellschaft
Crédit Lyonnais
The Mitsubishi Bank, Limited
Société Générale
Toronto Dominion Bank

The Royal Bank of Canada
Banque Canadienne Nationale
The Provincial Bank of Canada

The Bank of Nova Scotia
La Banque Mercantile du Canada
Chemical Bank International Limited
Crédit Agricole (CNCA)
Kredietbank S.A. Luxembourgeoise
National Westminster Bank Limited
Société Générale de Banque S.A.
Westdeutsche Landesbank Girozentrale

Co-Managed by

Banque Européenne de Crédit (BEC)
The Dai-Ichi Kangyo Bank, Limited
IBJ International Limited

The Fuji Bank, Limited
The Mitsui Bank, Limited

Bank of British Columbia
The Long-Term Credit Bank of Japan, Limited

Agent Bank
Orion Bank Limited

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Canadian Government turns down Ex-Cell-O

OTTAWA, Sept. 4. — because it did not provide "significant benefit to Canada" as defined under the Foreign Investment Review Agency. The Government accepted a proposal by Pacific International, a subsidiary of the Canadian Rubber Corporation, to acquire control of the branch business of Ex-Cell-O Corporation, a U.S. company, which is ultimately controlled by the U.S. Rubber Corporation of the U.S., reports AP-DJ.

Davidson Rubber manufactures automotive instrument crash pads and armrests. Ripelle Realty is a holding company and the branch business of McCord Corporation is engaged in the distribution of automotive products.

The proposal was rejected

AIB record profits

By Our Financial Staff

ATLANTIC International Bank, the City consortium bank, reports record pre-tax profits of \$285,984 for the year ended June 30, 1978, an increase of 35 per cent compared with last year's figure of \$211,366. Profits after tax rose by 28 per cent to \$223,345. At the year end total assets stood at \$1,350,959,965.

In his statement to the chairman, Mr. Hilton S. Clarke, says that the growth of loan business has continued at a satisfactory rate, although somewhat restrained in sterling terms by the strengthening of the pound against the dollar. Activities have been mainly focused on Europe and Latin America.

U.S. GAMING STOCKS

Setback for the punters

WALL STREET'S fever for gaming stocks, which took this sector of the market to new highs last week, was suddenly subjected to an ice-cold shower by the weekend. It was an unpleasant experience for investors, but probably, brokers argued, a healthy one.

It started with reports from a number of brokers recommending greater care and discrimination among investors seeking a way to cash in on the gaming stock boom. Then came news from A. G. Becker, a leading brokerage house, that it would require 100 per cent of the purchase price of the first leading gaming stocks: Resorts International, Playboy, Ramada Inns, Caesar's World and Bally Manufacturing.

Finally, as Wall Street was preparing on Friday for the long Labor Day holiday weekend, a rumour swept the market that the New York Stock Exchange planned to invoke a 75 per cent initial margin requirement on gaming stocks.

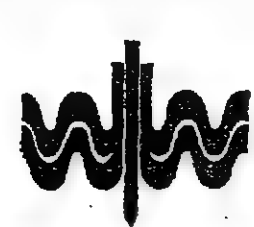
Gambling issues tumbled last week following reports that brokers were recommending greater care and discrimination among investors and action by the New York Stock Exchange invoking a 75 per cent margin requirement on certain companies. DAVID LASCELLES in New York analyses the problems confronting gaming stocks

tion due to start in October. Playboy cannot yet apply for a license since these are granted to companies which start up within 18 months.

Golden Nugget, another Nevada casino owner, has announced plans for a casino/hotel complex, but is yet to apply for licensing from New Jersey or Nevada.

The two clear front-runners in the race are Caesar's World and Bally Manufacturing, but it is open question how they will open between now and their hoped-for opening dates. Caesar's hopes to get started on June 1. But unlike the other which has no casinos in the state, Bally's has casinos in Nevada and until now only Nevada machines. Caesar's must clear its plans with Nevada's gaming board, while Bally's, on the other hand, has already secured its Nevada license. Caesar's project, which is down from the original \$450 million venture in order to get it sooner, by July.

All these securities having been sold, this announcement appears as a matter of record only.



Offshore Mining Company Limited
U.S. \$100,000,000
Guaranteed Floating Rate Notes due 1986
unconditionally and irrevocably guaranteed by
New Zealand

S. G. Warburg & Co. Ltd.	Citicorp International Group
Amsterdam-Rotterdam Bank N.V.	Samuel Montagu & Co. Limited
Banque de Paris et des Pays-Bas	Commerzbank Aktiengesellschaft
Kidder, Peabody International Limited	Lloyds Bank International Limited
Bank of New Zealand	Orion Bank Limited
Development Finance Corporation of New Zealand	

Algemene Bank Nederland N.V.	A. E. Ames & Co. Limited	Amex Bancom Limited	Andelsbanken A/S Danabank
Arnhold and S. Bleichroeder, Inc.	Bache Halsey Stuart Shields Incorporated	Banca Commerciale Italiana	
Banca del Gottardo	Banca Nazionale del Lavoro	Banco di Roma	Bank of America International Limited
Bank Julius Baer International Limited	The Bank of Bermuda, Ltd.	Bank Gutzwiller, Kurz, Rungener (Overseas) Limited	
Bank Leumi le-Israel Group	Bank Mees & Hope NV	The Bank of Tokyo (Holland) N.V.	
Bankers Trust International Limited	Banque Bruxelles Lambert S.A.	Banque Francaise du Commerce Extérieur	
Banque Générale du Luxembourg S.A.		Banque de l'Indochine et de Suez	
Banque Internationale pour l'Afrique Occidentale (BIAO)		Banque Internationale à Luxembourg S.A.	
Banque Louis-Dreyfus	Banque Nationale de Paris	Banque de Neufilze, Schlumberger, Mallet	
Banque de Paris et des Pays-Bas (Suisse) S.A.	Banque Populaire Suisse SA	Banque de l'Union Européenne	
Banque Worms	Barclays Bank International Limited	Baring Brothers & Co., Limited	Bayerische Hypotheken- und Wechsel-Bank
Bayerische Landesbank Girozentrale	Bergan Bank	Berliner Bank Aktiengesellschaft	Berliner Handels- und Frankfurter Bank
Blyth Eastman Dillon & Co. International Limited	BNZ Finance Company Limited	Caisse Centrale des Banques Populaires	
Caisse des Dépôts et Consignations	Cazenove & Co.	Centrale Rabobank	Chase Manhattan Limited
Chemical Bank International Limited	Christiana Bank og Kreditkassa	CIBC Limited	
Compagnie de Banque et d'Investissements (Underwriters) S.A.	Compagnie Monégasque de Banque	Continental Illinois Limited	
Copenhagen Handelsbank	County Bank	Crédit Commercial de France	
Crédit Industriel d'Alsace et de Lorraine	Crédit Lyonnais	Crédit du Nord	Creditanstalt-Bankverein
Credito Italiano	Dai-ichi Kangyo Paribas Limited	Daiwa Europe N.V.	Richard Daus & Co. Bankers
Den Danske Bank at 1971 Aktieselskab	Den Danske Provinsbank A/S	Den norske Creditbank	Deutsche Girozentrale - Deutsche Kommunalbank
The Development Bank of Singapore	DG BANK	Dillon, Read Overseas Corporation	
Domestic Securities Limited	Dresdner Bank Aktiengesellschaft	Effectenbank-Warburg Aktiengesellschaft	Eurobank S.p.A.
European Banking Company Limited	First Bavarian Capital Corporation	First Boston (Europe) Limited	First Chicago Limited
Robert Fleming & Co. Limited	Fuji International Finance Limited	Gefina International Ltd.	Genossenschaftliche Zentralbank AG
Girozentrale und Bank der Österreichischen Sparkassen		Goldman Sachs International Corp.	
Groupement des Banquiers Privés Genevois	Hambros Bank Limited	Hill Samuel & Co. Limited	E. F. Hutton & Co. N.V.
IBJ International Limited	Istituto Bancario San Paolo di Torino	Jardine Fleming & Company Limited	
Jordan, Sandman, Smythe & Co. Limited	Kleinwort, Benson	Kredietbank N.V.	Kredietbank S.A. Luxembourgische
Kuhn Loeb Lehman Brothers International	Lazard Brothers & Co., Limited	Lazard Frères et Cie	Lazard Frères & Co. Limited
London & Continental Bankers Limited	McLeod, Young, Weir International Limited	Manufacturers Hanover Limited	
Merrill Lynch International & Co. Limited	E. Metzler seal, Solm & Co. Limited	Mitsubishi Bank (Europe) S.A. Limited	
Morgan Grenfell & Co. Limited	Morgan Guaranty and Partners Limited	Morgan Stanley International Limited	
The National Bank of New Zealand Limited	Nederlandsche Middenstandsbank N.V.	New Japan Securities Europe Limited	
The Nikko (Luxembourg) S.A.	Nippon European Bank S.A.	The Nippon Kangyo Kakumaru Securities Co. Ltd.	
Nomura Europe N.V.	Norddeutsche Landesbank Girozentrale	Nordic Bank Limited	Sal. Oppenheim jr. & Cie. Limited
Österreichische Länderbank	Pierson, Heldring & Pierson N.V.	PEbanken International (Luxembourg) S.A.	
Postbank AG	Privatbank Aktiengesellschaft	Renouf & Co. Limited	Rothschild Bank AG
Salomon Brothers International Limited	Sanwa Bank (Underwriters) Limited	Scandinavian Bank Limited	Schoeller & Co. Limited
J. Henry Schroder Waggy & Co. Limited	J. & A. Springeour	Skandinaviska Enskilda Banken	
Smith Barney, Harris Upham & Co. Incorporated	Société Bancaire Barclays (Suisse) S.A.	Société Générale	
Société Générale de Banque S.A.	Sparbankernas Bank	Strauss, Turnbull & Co. Limited	
Sumitomo Finance International	Sun Hing Kai International Limited	Svenska Handelsbanken	
Tradition International SA	United Overseas Bank Limited	Vereins- und Westbank Aktiengesellschaft	J. Vontobel & Co. Limited
M. M. Warburg-Brinckmann, Wirtz & Co. Limited	Warburg Paribas Becker Incorporated	Westdeutsche Landesbank Girozentrale	
Wood Gundy Limited	Yamaichi International (Nederland) N.V.		

At the end of last year, Nevada made into law a previous regulation forbidding "State-registered casinos from opening "foreign" operations without its consent. Although it has been questioned whether this law is constitutional, it could prove a major hurdle. One of its main provisions is a catch-all clause which says that permission can be withheld in cases where "foreign" operations would "endanger the Nevada gaming industry". Presumably Nevada could argue that the growth of Atlantic City as a gaming centre poses a threat to its own industry.

The progress of the Caesar's World application is therefore being watched with interest.

The timing of other companies' plans for Atlantic City is also uncertain in many cases.

One of the most actively traded stocks, Ramada Inns, is a case in point. All it has done so far is to register with the SEC a proposed public offering of \$75m, saying that it is contemplating entering the gaming industry. Harrah's, also high on the active list, is even less progressed. A spokesman said last week, "We have nothing as yet. We're just looking at it."

Last week, the SEC also took the unusual step of suspending trading in three companies who have expressed interest in Atlantic City: Houston Complex, Network One (both of Los Vegas) and American Land of New York. The Agency acted "because of questions concerning the recent unusual market activities in these securities" and gaming licences to the New Jersey authorities, excluding companies' financial condition.

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in
Luxembourg

We are the wholly-owned subsidiary in Luxembourg of Badische Kommune Landesbank, a leading German bank headquartered in Mannheim. Our Eurobanking services include:

Syndicated Euroloans

In line with prevalent market conditions and specific client needs, we manage or participate in selective international loans arranged either on a fixed-interest basis or as a roll-over credit facility for borrowers requiring a flexible choice of currencies or maturities.


Complementing our diversified Eurocredit capabilities in Luxembourg, we are also active in money market and foreign exchange dealing.

as well as fixed-interest security trading. To find out more about our Eurobanking services just contact:

- Dr. K. Krapp - Managing Director, Syndicated Euroloans;
- L. Ottaviani - Money market and Foreign exchange dealing;
- Dr. H. Braun - Security trading

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25c Bd. Royal - P.O. Box 628 - Luxembourg-Ville - Tel: 478144
Telephone: 475315 (Dealers)
Telex: 1791, 1792 (Dealers), 1793 (Credits)

This announcement appears as a matter of record only.



The Kingdom of Morocco
US\$300,000,000
Medium Term Loan

Managed by

- BankAmerica International Group
- Amsterdam-Rotterdam Bank N.V.
- Bank of Montreal
- Chase Manhattan Limited
- DG BANK Deutsche Genossenschaftsbank
- Banque de la Société Financière Européenne - SFE Group
- Standard Chartered Merchant Bank Limited

Co-Managed by

- Bank für Gemeinwirtschaft Aktiengesellschaft
- The Bank of Tokyo, Ltd./Banque Européenne de Tokyo
- Banque Européenne de Crédit (BEC)
- Banque Marocaine du Commerce Extérieur/Société Générale
- Banque Nationale de Paris
- Barclays Bank International Limited
- European Arab Bank (Brussels) S.A.

Provided by

Bank of America NT & SA	Amsterdam-Rotterdam Bank N.V.
Bank of Montreal Group	The Chase Manhattan Bank N.A.
DG BANK International	Société Financière Européenne Finance Company N.V. - SFE Group
Société Anonyme	Bank für Gemeinwirtschaft AG
Standard Chartered Merchant Bank Limited	London Branch
The Bank of Tokyo, Ltd.	Banque Européenne de Crédit (BEC)
Banque Européenne de Tokyo	Banque Marocaine du Commerce Extérieur (Paris Branch)
Banque Nationale de Paris	European Arab Bank (Brussels) S.A.
Barclays Bank International Limited	Standard Chartered Bank Limited
Société Générale	Citibank N.A.
Canadian Imperial Bank of Commerce (International) S.A.	Compagnie Financière de la Deutsche Bank AG
The Fuji Bank, Limited	The Mitsubishi Bank, Limited
Provincial Bank of Canada (International) Limited, Nassau	The Sanwa Bank Limited
European American Bank and Trust Company	Saudi International Bank
The Bank of Yokohama Limited	Al-Bank Al-Saudi Al-Alami Limited
Crédit Lyonnais	Barclays Bank S.A., Paris
The Mitsui Bank, Limited	Midland Bank Limited
East-West United Bank (Banque Union Est-Ouest S.A.)	Toronto Dominion Bank
Allied Arab Bank Limited	International Commercial Bank Limited
Bank of Scotland	Al-Jahli Bank of Kuwait K.S.C.
Gulf-Riyadh Bank E.C. (Bahrain) Limited	Asien-Pazifik-Bank AG
Iran Overseas Investment Bank Limited	Banque Internationale à Luxembourg
Nippon European Bank S.A.	Société Anonyme
Trade Development Bank, London Branch	Landesbank Rheinland-Pfalz und Saar International S.A.

Agent
Bank of America International Limited

August 1978

Handwritten signature: *John Smith*

INTERNATIONAL FINANCIAL AND COMPANY NEWS

IHI passes interim dividend

TOKYO, Sept. 4.

IHI Corp. has announced that it will pay an interim dividend for the first half-year, ending on September 30, because of a decline in its shipbuilding division, reports from the company.

IHI said that sales in the shipbuilding division in the first half of the year were about half the ¥130bn (\$675m) in the same period last year, with a 10 per cent drop in orders.

The company paid a first-half interim dividend of ¥3 last year.

Last week, Mitsubishi Heavy Industries (MHI) said that it proposed to omit its interim dividend for the six months to September 30 (¥3 in the previous year), because of a slump in its shipbuilding division.

Other major Japanese shipbuilders are thought likely to make similar decisions.

Our Financial Staff writes: Both IHI and MHI have asked their labour unions to accept plans to cut their capacities by about 40 per cent. It was announced last month. This follows the release in July of 1977 of the shipbuilding industry's plan to cut the country's shipbuilding capacity by 35 per cent, and for the largest seven shipbuilders to lower capacity by 40 per cent. The higher rate for the large shipbuilders reflects their scope to redeploy workers.

Record profits again from Petersville

BY OUR OWN CORRESPONDENT

PETERSVILLE, Australia, the diversified food products group, has reported its third successive record profit in the year to June 30. Earnings rose 35.7 per cent from A\$6.5m to A\$8.85m (U.S.\$10.2m), on sales up 15.9 per cent, from A\$238.6m to A\$277.5m (U.S.\$319.3m).

The directors have increased the dividend from 6.25 cents a share to 7 cents with a final dividend up from 1.125 cents to 1.375 cents, after an unchanged interim payment of 1.125 cents.

The rise comes after a one-for-six share issue last October and a one-for-10 scrip issue made in the last year's profit announcement.

The latest result is attributed

by the directors to the successful launching of a number of new products, continued emphasis on cost control and increased efficiency from a higher level of capital spending.

The interim profit rose 35.7 per cent, from A\$3.25m to A\$4.45m, while the final half saw earnings increase 34.9 per cent, from A\$3.25m to A\$4.4m.

The directors said: "There was some recovery in margins in important areas in the last quarter and operating earnings per sales dollar improved from 2.7 cents to 3.2 cents. Birds Eye frozen foods, Edgell canned food and Presto smallgoods were major contributors to earnings. Although results were slightly lower, sales of Socomin

imported foods showed a healthy increase on the previous year.

The result was also affected by substantial increases in meat exports to Asia and the U.S. It is after tax of A\$4.92m (A\$4.17m previously) and after allowing A\$765,000 for trading stock valuation adjustment. Depreciation and amortisation came to A\$3.77m (A\$3.52m) while interest increased from A\$2.52m to A\$2.72m. The profit is struck before an extraordinary loss of A\$89,000, which compares with last year's A\$49,000 extraordinary gain. The earnings rate increased to 19.4 cents a share, against 15.7 cents a share (adjusted for the increased capital). Net tangible asset backing was steady, at A\$1.42.

Growth at Philippine commercial banks

MANILA, Sept. 4.

THE RESOURCES of the Philippine commercial banking system grew by a monthly average of 1.3 per cent during the first seven months of 1978 and totalled 78,284.60 Pesos, 23.3 per cent higher than a year ago, the central bank said today.

While assets of private domestic banks, which accounted for 88.1 per cent of total resources, rose by 0.9 per cent, the assets of local branches of foreign banks decreased by 5.6 per cent resulting in a lower growth rate for the total banking system, the central bank said.

It said that demand for funds to service credit needs and investment expansion and to settle maturing money market obligations and other borrowings caused a dip in liquid assets of 47.1m Pesos, or 4.9 per cent after the deposit base showed an expansion of 46.8m Pesos, or 1.2 per cent.

Loans and investments went up by 51.3m Pesos, or 0.8 per cent while money market borrowings dropped by 7.6 per cent, or 71.6m Pesos, the bank said.

It added that other borrowings also went down by 79.2m Pesos, or 5.5 per cent, which was the result of the 1bn Peso decrease in facilities of branches of foreign banks offset by the 210m Peso rise posted by domestic banks.

Further improvement at Adelaide Steamship

BY OUR OWN CORRESPONDENT

SYDNEY, Sept. 4.

ADELAIDE STEAMSHIP Company, the industrial group which has been following an aggressive diversification programme, has raised its dividend after a 21 per cent profit rise in the year to June 30.

Group earnings increased from A\$4.44m to A\$5.27m (U.S.\$6.1m). The dividend is up to 10 cents a share after the interim payout from 3.75 cents a share to 4.5 cents and an increase in the final dividend from 5 cents to 5.5 cents.

Commenting on the results, the directors said that the group's profit had doubled in the last two

years. "The board is budgeting for further overall improvement in the current year notwithstanding that tax expenses will amounting to A\$488,000, increase," they said. Tax rose from A\$655,000 to A\$937,000 after allowance for trading stock items of A\$4.63m (A\$3.55m previously), interest of A\$3m (A\$2.3m) and depreciation of A\$1.41.

The group, which operates in real estate, towage, engineering, building supplies, agriculture (vineyards), spectacle manufacturing and investment, reported a 60.4 per cent sales increase, from A\$40.33m to A\$64.69m (U.S.\$74.4m).

For the first time profit included contributions from two subsidiaries, Rayners Holdings, the engineer, and chemical and food offshoot, Abel Leblon, amounting to A\$488,000. The result excludes extraordinary items of A\$4.63m (A\$3.55m previously), interest of A\$3m (A\$2.3m) and depreciation of A\$1.41.

Directors said that the majority of extraordinary items represented profit on the sale of Coal and Allied Industries and capital gains arising from the merger of a section of the company's towing interests.

Sharp expansion at Bank Leumi

BY L. DANIEL

TEL AVIV, Sept. 4.

BANK LEUMI LE-ISRAEL—the country's largest and oldest bank—has reported a 107 per cent rise in its consolidated balance sheet to 121,828m (S\$10.7bn) at June 30, from 121,819m at end-June 1977. The total at the end of the financial year, on December 31, was 121,828m. The rise on the year was due to the rise in the cost-of-funding index.

Deposits grew sharply—from 121,819m on June 30, 1977, to 121,828m at end-June. Loans rose from 121,819m to 121,828m. Capital funds also expanded significantly in the first half of

this year, as a result of the raising on the stock exchange of 12,500m for the bank itself in May, and of 12,500m each by two of its subsidiaries—the United Bank of Israel and the General Mortgage Bank. The semi-annual balance sheet also shows a sharp growth in savings deposits and in foreign currency deposits of Israeli residents.

Despite the dilution of the equity, the bank expects, in the absence of unforeseen circumstances, that profitability per share will be higher this year than in 1977. It is declaring an interim profit of 7.5 per cent in cash (payable also on the bonus shares issued in May 1978) and a 20

per cent bonus share allocation. The latter will be entitled to the final dividend and any other distribution which may be made in respect of the current calendar year.

FOREIGN CURRENCY earnings of the aircraft maintenance and overhaul division of Israel Aircraft Industries rose by 85m in 1977-78 to reach \$22m, according to the company. Total turnover of the division—foreign deals with 30 types of aircraft, does overhauls on an average 1,000 engines annually and maintains and repairs some 60,000 parts—totalled \$47m, and net profit came to the equivalent of \$6.8m.

Dead Sea Potash ahead

BY OUR OWN CORRESPONDENT

TEL AVIV, Sept. 4.

NET PROFITS of the Dead Sea Potash Works rose by 86 per cent to the equivalent of \$17m in the fiscal year 1977-78.

Sales of potash increased by 45 per cent to 1.25m tonnes. Exports, which accounted for 86 per cent of total sales, brought in \$49m—an increase of 32 per cent. Production was stepped up by 18 per cent to 1.2m tonnes.

The management proposes the distribution of a 15 per cent final dividend, in addition to the 15 per cent cash interim dividend already paid, as well as another 25 per cent in the form of bonus

shares. Nearly all of this will be paid to Israel Chemicals, the Government body for publicly held chemical concerns which also includes Negev Phosphates.

In addition, nearly \$2m was paid to the Government in royalties, and \$7m invested in fixed assets, about half of this in a new feeder canal to the evaporation pans, and a smaller sum in a tablet salt plant. An initial investment was made in a potash granulation plant which will eventually cost \$10m. This, the company has lost heavily in 1977 of 122m compared with 121.8m in 1976. This is not regarded as particularly satisfactory in view of Israel's 40 per cent inflation rate.

The company has lost heavily in 1977 of 122m compared with 121.8m in 1976. This is not regarded as particularly satisfactory in view of Israel's 40 per cent inflation rate.

Overseas turnover in 1977 was \$200m compared with \$200m in 1976.

Advance at Solel Boneh

By Our Own Correspondent

TEL AVIV, September 4.

SOLEL BONEH—the largest construction company owned by the Histadrut, the Israel Labour Federation—made a net profit in 1977 of 122m compared with 121.8m in 1976. This is not regarded as particularly satisfactory in view of Israel's 40 per cent inflation rate.

The company has lost heavily in 1977 of 122m compared with 121.8m in 1976. This is not regarded as particularly satisfactory in view of Israel's 40 per cent inflation rate.

Overseas turnover in 1977 was \$200m compared with \$200m in 1976.

Nagriffin Bank Limited

U.S. \$30,000,000

Medium Term Loan

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Arranged by

London & Continental Bankers Ltd.

Provided by

DG Bank International

Credit Agricole (CNCA)

Co-operative Centrale Raiffeisen Boerenleenbank B.A.

Bank Europäischer Genossenschaftsbanken

Genossenschaftliche Zentralbank AG

London & Continental Bankers Ltd.

Chaise Centrale des Banques Populaires

Agent:

London & Continental Bankers Ltd.

EURODOLLAR BOND PRICES

STRAIGHTS

African Australia 1984	97 1/2	98 1/2
Algeria 1984	97 1/2	98 1/2
Algeria 1985	97 1/2	98 1/2
Algeria 1986	97 1/2	98 1/2
Algeria 1987	97 1/2	98 1/2
Algeria 1988	97 1/2	98 1/2
Algeria 1989	97 1/2	98 1/2
Algeria 1990	97 1/2	98 1/2
Algeria 1991	97 1/2	98 1/2
Algeria 1992	97 1/2	98 1/2
Algeria 1993	97 1/2	98 1/2
Algeria 1994	97 1/2	98 1/2
Algeria 1995	97 1/2	98 1/2
Algeria 1996	97 1/2	98 1/2
Algeria 1997	97 1/2	98 1/2
Algeria 1998	97 1/2	98 1/2
Algeria 1999	97 1/2	98 1/2
Algeria 2000	97 1/2	98 1/2
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Algeria 2003	97 1/2	98 1/2
Algeria 2004	97 1/2	98 1/2
Algeria 2005	97 1/2	98 1/2
Algeria 2006	97 1/2	98 1/2
Algeria 2007	97 1/2	98 1/2
Algeria 2008	97 1/2	98 1/2
Algeria 2009	97 1/2	98 1/2
Algeria 2010	97 1/2	98 1/2

NOTES

Australia 1984	97 1/2	98 1/2
Australia 1985	97 1/2	98 1/2
Australia 1986	97 1/2	98 1/2
Australia 1987	97 1/2	98 1/2
Australia 1988	97 1/2	98 1/2
Australia 1989	97 1/2	98 1/2
Australia 1990	97 1/2	98 1/2
Australia 1991	97 1/2	98 1/2
Australia 1992	97 1/2	98 1/2
Australia 1993	97 1/2	98 1/2
Australia 1994	97 1/2	98 1/2
Australia 1995	97 1/2	98 1/2
Australia 1996	97 1/2	98 1/2
Australia 1997	97 1/2	98 1/2
Australia 1998	97 1/2	98 1/2
Australia 1999	97 1/2	98 1/2
Australia 2000	97 1/2	98 1/2
Australia 2001	97 1/2	98 1/2
Australia 2002	97 1/2	98 1/2
Australia 2003	97 1/2	98 1/2
Australia 2004	97 1/2	98 1/2
Australia 2005	97 1/2	98 1/2
Australia 2006	97 1/2	98 1/2
Australia 2007	97 1/2	98 1/2
Australia 2008	97 1/2	98 1/2
Australia 2009	97 1/2	98 1/2
Australia 2010	97 1/2	98 1/2

STERLING BONDS

Allied Breweries 1984	97 1/2	98 1/2
Allied Breweries 1985	97 1/2	98 1/2
Allied Breweries 1986	97 1/2	98 1/2
Allied Breweries 1987	97 1/2	98 1/2
Allied Breweries 1988	97 1/2	98 1/2
Allied Breweries 1989	97 1/2	98 1/2
Allied Breweries 1990	97 1/2	98 1/2
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Allied Breweries 1993	97 1/2	98 1/2
Allied Breweries 1994	97 1/2	98 1/2
Allied Breweries 1995	97 1/2	98 1/2
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Allied Breweries 2000	97 1/2	98 1/2
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Allied Breweries 2002	97 1/2	98 1/2
Allied Breweries 2003	97 1/2	98 1/2
Allied Breweries 2004	97 1/2	98 1/2
Allied Breweries 2005	97 1/2	98 1/2
Allied Breweries 2006	97 1/2	98 1/2
Allied Breweries 2007	97 1/2	98 1/2
Allied Breweries 2008	97 1/2	98 1/2
Allied Breweries 2009	97 1/2	98 1/2
Allied Breweries 2010	97 1/2	98 1/2

DM BONDS

Asian Dev. Bank 1984	97 1/2	98 1/2
Asian Dev. Bank 1985	97 1/2	98 1/2
Asian Dev. Bank 1986	97 1/2	98 1/2
Asian Dev. Bank 1987	97 1/2	98 1/2
Asian Dev. Bank 1988	97 1/2	98 1/2
Asian Dev. Bank 1989	97 1/2	98 1/2
Asian Dev. Bank 1990	97 1/2	98 1/2
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Asian Dev. Bank 2003	97 1/2	98 1/2
Asian Dev. Bank 2004	97 1/2	98 1/2
Asian Dev. Bank 2005	97 1/2	98 1/2
Asian Dev. Bank 2006	97 1/2	98 1/2
Asian Dev. Bank 2007	97 1/2	98 1/2
Asian Dev. Bank 2008	97 1/2	98 1/2
Asian Dev. Bank 2009	97 1/2	98 1/2
Asian Dev. Bank 2010	97 1/2	98 1/2

FLOATING RATE NOTES

Bank of Tokyo 1984 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1985 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1986 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1987 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1988 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1989 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1990 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1991 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1992 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1993 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1994 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1995 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1996 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1997 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1998 9/16pc	97 1/2	98 1/2
Bank of Tokyo 1999 9/16pc	97 1/2	98 1/2
Bank of Tokyo 2000 9/16pc	97 1/2	98 1/2
Bank of Tokyo 2001 9/16pc	97 1/2	98 1/2
Bank of Tokyo 2002 9/16pc	97 1/2	98 1/2
Bank of Tokyo 2003 9/16pc	97 1/2	98 1/2
Bank of Tokyo 2004 9/16pc	97 1/2	98 1/2
Bank of Tokyo 2005 9/16pc	97 1/2	98 1/2
Bank of Tokyo 2006 9/16pc	97 1/2	98 1/2
Bank of Tokyo 2007 9/16pc	97 1/2	98 1/2
Bank of Tokyo 2008 9/16pc	97 1/2	98 1/2
Bank of Tokyo 2009 9/16pc	97 1/2	98 1/2
Bank of Tokyo 2010 9/16pc	97 1/2	98 1/2

Source: White Weld Securities.

CONVERTIBLES

American Express 4 1/2pc '87	97 1/2	98 1/2
American Express 4 1/2pc '88	97 1/2	98 1/2
American Express 4 1/2pc '89	97 1/2	98 1/2
American Express 4 1/2pc '90	97 1/2	98 1/2
American Express 4 1/2pc '91	97 1/2	98 1/2
American Express 4 1/2pc '92	97 1/2	98 1/2
American Express 4 1/2pc '93	97 1/2	98 1/2
American Express 4 1/2pc '94	97 1/2	98 1/2
American Express 4 1/2pc '95	97 1/2	98 1/2
American Express 4 1/2pc '96	97 1/2	98 1/2
American Express 4 1/2pc '97	97 1/2	98 1/2
American Express 4 1/2pc '98	97 1/2	98 1/2
American Express 4 1/2pc '99	97 1/2	98 1/2
American Express 4 1/2pc '00	97 1/2	98 1/2
American Express 4 1/2pc '01	97 1/2	98 1/2
American Express 4 1/2pc '02	97 1/2	98 1/2
American Express 4 1/2pc '03	97 1/2	98 1/2
American Express 4 1/2pc '04	97 1/2	98 1/2
American Express 4 1/2pc '05	97 1/2	98 1/2
American Express 4 1/2pc '06	97 1/2	98 1/2
American Express 4 1/2pc '07	97 1/2	98 1/2
American Express 4 1/2pc '08	97 1/2	98 1/2
American Express 4 1/2pc '09	97 1/2	98 1/2
American Express 4 1/2pc '10	97 1/2	98 1/2

Fitch Lovell

- * Mainstream operations span the principal sectors of the Food Industry—Manufacturing, Wholesale, Retailing and Poultry.
- * AGM—The Connaught Rooms, Great Queen Street, WC2. 28th September 1978 at 12 noon.

Highlights 1977/78

From the Annual Report & Accounts for the year ended 29th April 1978.

- * Sales—£501m, equivalent to an increase of 14%.
- * Profit Attributable—£3.051m compared with £3.373m.
- * Overall result—a creditable performance in a difficult trading year for the Food Industry but a temporary check on the Group's growth.
- * Ordinary Dividend Recommended Final—2.81243p net Total for 1977/78—4.09019p net increased by 10%.
- * Higher level of future capital expenditure supported by strengthened Balance Sheet.

Copies of the Annual Report & Accounts may be obtained from The Secretary, Fitch Lovell Limited, 1 West Smithfield, London EC

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Abbreviations: (S) member of

rate; (n.c./ non-commercial rate; n.a./ not available) (A) approximate rate no direct quotation available; (S) selling rate; (B) buying rate; (nom.) nominal; (exch. exchange certificate rate; financial rate.

<p>* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.</p>	<p>The <u>Anguilla</u> has replaced the C.F. franc. The exchange was made at the rate of C.F. Fr 2 to one unit of the new currency.</p>	<p>Governments of 0.1 and 1000 respectively.</p> <p>Based on credit rates established by the regime.</p>	<p>* Refers to the Transfer market controlled.</p> <p>* Refers to new British and Barbados £ 1 = 100 new Barbados dollars.</p> <p>* Have no official status.</p>
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Dutch Guilders	0.259	0.465	0.99
Danish Lave 1,000	0.615	1.203	2.55
Swedish Krona	0.447	0.870	1.77
Swiss Franc 1,000	2.442	5.000	10.00

Sept. 4.	£	8s	6d.	Notes Rates
Argentina Pao	1,682-1,687			97.50-98.20
Australia Dollar	1,689B-1,695B			102-103
Finland Markka	75-79.344			10.60-10.78
France Franc	165-166			100-101
Greece Drachma	70.942-79.661			3.20-3.90
Hong Kong Dollar	92.1-93.54			1600-1650
India Rupee	148-150			8-9.00-9.25
Norway Dinar(Kr)	1,517-1,537			4.15-4.35
Portugal Escudo	160-160.70			10.10-10.25
Switzerland Franc	166-167			98-99
New Zealand Dollar	1,943-1,953			142-153
Saudi Arabia Riyal	6.4-6.51			13.5-13.8
Taiwan Dollar	165-166			94-95
U.S.A. Dollar	168.77-1,7087			29.00-43.00
Yugoslavia Dinar	1,682-1,687			97.50-98.20
Belgium Franc	0.8767-0.8717			102-103
Denmark Krone	0.0470-0.0517			10.60-10.78
Germany Mark	0.4416-0.4444			100-101
Italy Lira	88.84-74.294			3.20-3.90
Netherlands Guilder	1,517-1,537			1600-1650
Sweden Krona	0.1907-0.1949			8-9.00-9.25
Switzerland Franc	166-167			4.15-4.35
U.S.A. Dollar	0.9688-0.9515			10.10-10.25
U.S.A. Dollar	0.9461-0.9445			98-99
U.S.A. Dollar	0.8647-0.8778			142-153
U.S.A. Dollar	0.8647-0.8778			13.5-13.8
U.S.A. Dollar	0.8647-0.8778			94-95
U.S.A. Dollar	0.8647-0.8778			29.00-43.00

[illegible]

Sept. 4	Sterling	Canadian Dollar	U.S. Dollar	Deutsch Gulder	Swiss Franc	West German Mark	French Franc	Italian Lira	Ashes \$	Japanese Yen
report term....	104.4-106	81.4-81.6	83.4-83.6	84-85	14-14	72-73.5	71.7-71.9	8-13	—	87.4-87.6
1 day's notice	104.4-106	81.4-81.6	83.4-83.6	84-85	14-14	72-73.5	71.7-71.9	12-13	81.4-81.6	87.4-87.6
3 months.....	111.4-112	81.4-81.6	83.4-83.6	84-85	14-14	72-73.5	71.7-71.9	12-13	81.4-81.6	87.4-87.6
6 months.....	111.4-112	81.4-81.6	83.4-83.6	84-85	14-14	72-73.5	71.7-71.9	12-13	81.4-81.6	87.4-87.6
12 months.....	111.4-112	81.4-81.6	83.4-83.6	84-85	14-14	72-73.5	71.7-71.9	12-13	81.4-81.6	87.4-87.6
one year.....	111.4-112	81.4-81.6	83.4-83.6	84-85	14-14	72-73.5	71.7-71.9	12-13	81.4-81.6	87.4-87.6

The following nominal rates were quoted for London dollar certificates of deposit: One month 5.45-5.55 per cent; three months 5.70-5.80 per cent; six months 5.95-6.05 per cent; one year 6.25-6.35 per cent.

Long-term Eurodollar deposits: two years 8.25-8.50 per cent; three years 8.50-8.75 per cent; four years 8.75-9.00 per cent; five years 9.00-9.25 per cent nominal, closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for goldsters and Swiss francs. Asian rates are closing rates in Hong Kong.

UK MONEY MARKET

LONDON MONEY RATES

Sec. 2 1-12	Starting Certificate of deposit	Interest	Least Active days	Local Auth unavailable basis	Finance Company Deposits	Company Deposits	Dis- posals
Overnight	---	7 1/2-8 1/4	---	---	---	8 1/4	7 1/2
1 day notice	---	---	8 1/2-8 3/4	---	---	8	---
1 week notice	---	---	---	---	9	8	---
1 month notice	9 1/2-9	8 1/2-8 3/4	8 1/2-9	9 1/2-9 1/4	9	9 1/4	8 1/2
Three months	9 1/2-9 1/4	8 1/2-8 3/4	9 1/4	9 1/2-9 1/4	9 1/4	9 1/4	---
Six months	9 1/2-9 1/4	8 1/2-8 3/4	9 1/4-9 3/4	9 1/2-9 1/4	9 1/4	9 1/4	---
Nine months	9 1/2-9 1/4	8 1/2-8 3/4	---	9 1/2-9 1/4	10 1/4	---	---
One year	9 1/2-9 1/4	9 1/2-9 1/4	9 1/2-9 1/4	9 1/2-9 1/4	10 1/4	---	---
Two years	---	9 1/2-9 1/4	10 1/2-10 3/4	9 1/2-9 1/4	---	---	---

	Sept. 4	Sept. 1
Gold Bullion (a fine ounce)		
Close	\$217-217 1/2	\$208-208 1/2
Opening	\$212-215	\$207-208 1/2
Morning fixing	\$212.50	\$208.10
	(\$208.915)	\$207.085
Afternoon fixing	\$211.50	\$208.00

Kruggerand	\$218-220	\$214-216
New Sovereigns	\$212-116	\$210-110
Old Sovereigns	\$202-572	\$200-574
Gold Coins	\$200-519	\$200-574
Old Sovereigns	\$211-554	\$211-555
International Kruggerand	\$211-554	\$211-554
New Sovereigns	\$212-512	\$214-216
Old Sovereigns	\$211-112	\$211-111
Old Sovereigns	\$222-502	\$220-502
320 Eagles	\$211-554	\$211-554
510 Eagles	\$211-554	\$211-554
50 Eagles	\$211-554	\$211-554

NEW YORK	
Prime Rate	9.25
Fed Funds	8.375
Treasury Bills (13-week)	7.50
Treasury Bills (26-week)	7.25
	7.75
GERMANY	
Discount Rate	5
Overnight	3.5
One month	3.25
Three months	2.75
Six months	2.50

Overnight	7.25
One month	7.35
Three months	7.45
Six months	7.55
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.5
Bills Discount Rate	4.5

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Senior posts at Grindlay Brandts Insurance Group

Mr. David Fontaine has been appointed managing director of the GRINDLAY BRANDTS INSURANCE and Mr. Michael Gauge has become assistant managing director.

Mr. John G. Collyer, Mr. Thomas F. Hones and Mr. Peter A. Rippon have been appointed non-executive directors of HERBERT, the parent company of ALFRED HERBERT.

Mr. P. J. Hine and Mr. C. D. Ryder have been appointed directors of FRAYLAND. The appointments have been made as a result of the company's expansion in the U.K. and Middle East.

Mr. Irving Harrison has been appointed a director of SEARS HOLDINGS. He has been associated with the group for nearly 25 years and is managing director of BSC Footwear.

Mr. G. A. Greenough, Mr. Thomas and Mr. R. J. Wain have been appointed non-executive directors of the LITTLEWOOD ORGANISATION, non-executive directors as reported Saturday.

CONTRACTS

Simon-Carves wins Shell plant work

SIMON-CARVES, Stockport, a normal frequency coreless induction furnace to replace one of the three cupolas at present in operation at the Willans works. It is planned to operate the furnace overnight, using power generated by the GEC site at Rugby. With a rating of 2,000 kW, it will be capable of producing 3.5 tonnes of SG iron from a coarse hour of foundry return and steel scrap.

WILKINSONS FURNITURE has supplied 170,000 of desks, linking units, vertical filing systems, technical layout tables, screens and trolleys, for the new County Hall of Hereford and Worcester County Council.

A leading Swiss printer that specialises in international work, Weber Colour Printing, has placed a £100,000 order with JALAC for a Compositex-1650 computerised type composition system. The compositor will drive a Monotype Lasercomp. Input to the compositor will be via on-line OCR and paper tape, and output to the typesetter will be on-line with paper tape facilities for backup.

NOTES ENGINEERING, Aston-on-Trent (Derby), has won its biggest single order, worth more than £100,000, from Barker Engineering, Stockton-on-Tees, for a computer-controlled coordinate measuring machine.

RABCOCK CONTRACTORS INC., Pittsburgh, (a subsidiary of Babcock International Inc, which controls the interests of Babcock and Wilcox Limited in the U.S.), under a contract signed with Ohio Department of Administrative Services, is starting procurement and construction of a fuelled bed combustion (FBC) boiler plant at the Central Ohio Psychiatric Hospital, Columbus. The FBC boiler will burn high percentage sulphur Ohio coal in compliance with Federal EPA standards. This is done by adding limestone, which remains 90 per cent of the coal sulphur without the cost of expensive stack gas scrubbers. FBC is the principal commercially available technique adopted by Ohio Governor Rhodes' Coal Use Programme to demonstrate that industry can continue to use Ohio coal in compliance with EPA standards. The order is worth about \$5m. The plant, of 60,000 lb-hour of steam, will operate within 12 months.

GEC Turbine Generators is to introduce electric lighting in its foundry at the Willans works in Rugby where turbine components, including plant casings, are produced. An order valued at close on £200,000 has been placed with BIRLEC for a 10 tonne capacity

Following the relaying of northern sector of the Low Brough of Humbermouth, 70-watt SON high-pressure sodium lamps, THORN LIGHTING won a further £105,000 contract to relight the southern sector. This brings the total value of contract to £215,000, making the largest installation of its kind in the world. The lamp is housed in vandal resistant lanterns.

A contract for advance site for Warrington Development Corporation's rented housing, to be built on one of the three areas of the New Town's Birchall district, has been awarded. WRENCO (CONTRACTORS) Ltd, near Liverpool, The 22nd contract includes the construction of roads, drainage systems, footpaths, and will last for eight months.

Outback outbreak of diamond fever

PROSPECTORS BELIEVE they have begun opening up a new diamond province in Western Australia's tropical north. The present phase began on flimsy evidence: the rush of small companies and accompanying stockmarket flurry followed rumours that gem-grade diamonds had been found. This generated enough evidence and confidence to have added several hundred million dollars to the combined market capitalisation of companies involved. In the to-and-fro between scepticism and enthusiasm, the bulls are clearly in front.

Long odds

The sceptics maintain that the newcomers have little chance. Big companies like De Beers and BHP have been combing the Kimberley region over several years, they point out. The only reported diamond finds—with no word so far of high-quality gems—started in 1976 and were made by the Ashton joint venture which has Conzinc Riotinto of Australia as operator. As CRA's executive chairman, Sir Roderick Carnegie, replies when questioned about how the diamond search is going: "Ask me after another five years and \$15m."

Mining's "establishment" of big companies and bureaucrats sees the wave of newcomers as under-capitalised opportunists, staking speculators' money on the long odds of finding diamond-bearing kimberlite structures—and hearing enough to make any finds commercial.

The enthusiastic view is summed up in a film taken from a helicopter as it chugs its way over the remote prospects, closer to Singapore than to



limestone—that turn an ordinary volcanic plug into a kimberlite with the potential for carrying diamonds.

After rumours began circulating that the Ashton group had found gems, the shares of its 5 per cent partner, Northern Mining, raced up from a year's low of 25c to touch \$A1.80 on its home exchange. Other joint ventures moved in and started pegging, with similar stockmarket fireworks: Alkane ran from 2c to 31c, Bamboo Creek from 3c to 30c, Carr Boyd Minerals from 3c to 44c, Hill Minerals from 1c to 21c, North West Mining from 2c to 30c.

The basic pattern is nothing new: a commodity is found in a remote area. The more exotic the commodity, the more exotic its technology, and the more remote from civilisation the pegging, the greater the area of uncertainty, and the greater the element of speculation.

London has been deeply involved: corners of the City are more responsive to speculative situations than the relatively conservative Australian markets. Australia has become afraid of speculation since the Poseidon boom. Clearly the danger of setbacks exists. Unless diamond discoveries are reported, Christmas could be a dangerous moment because that is when geologists go home, away from the heat, depriving the market of its lifeblood of information and rumour.

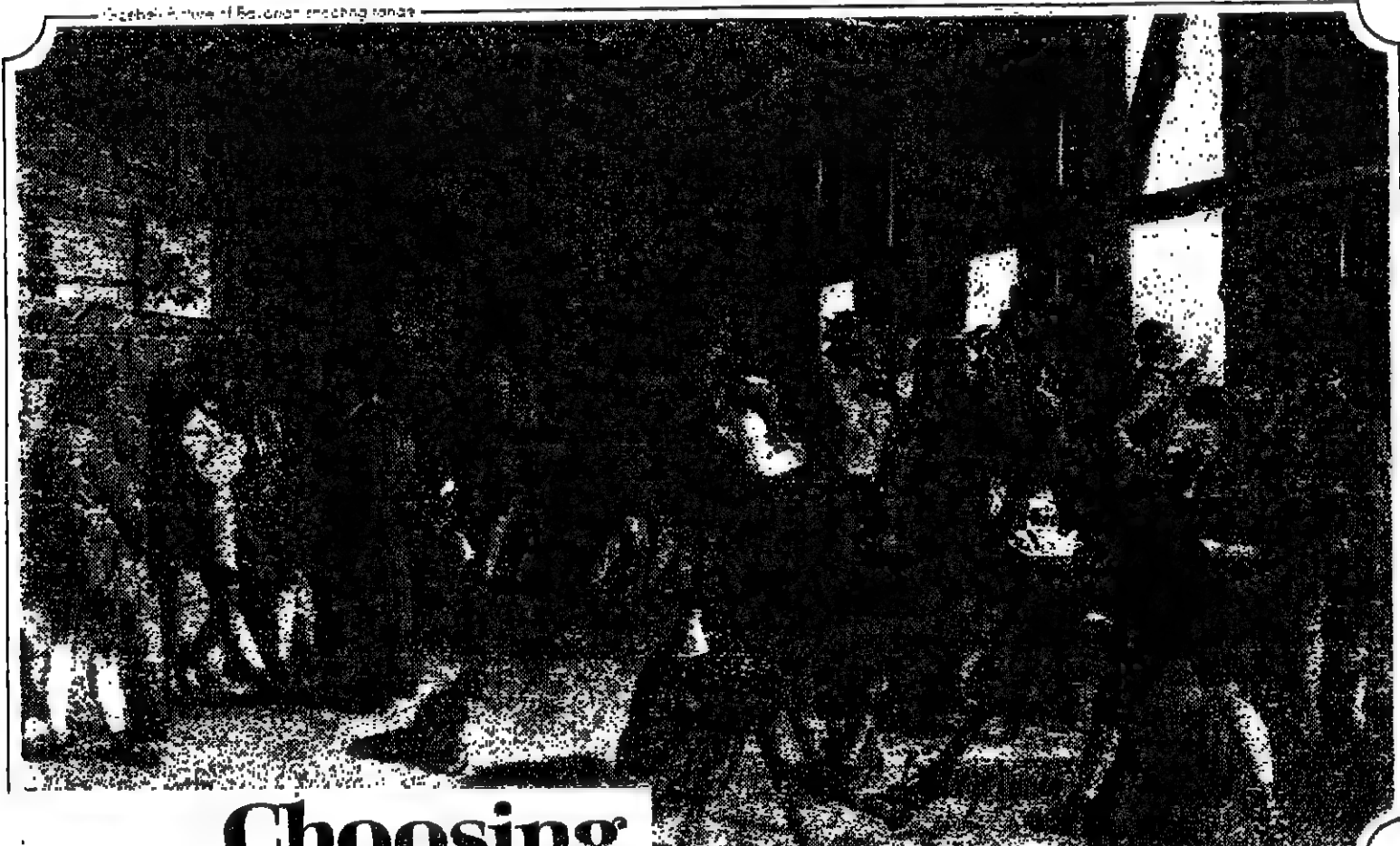
There is evidence from the little prospectors that there is a basis for the boom. The Ashton group for instance has built a \$5m treatment plant with features that suggest volcanic plugs and pray that CRA or somebody comes up with a find that will prove that this, indeed, is diamond country, the start of a new province.

few holds barred.

Although it might be argued that several years' start by De Beers, BHP and CRA would not leave worthwhile ground unpegged, CRA was out there pegging alongside the small companies after its (rumoured or real) discovery of gems. Perhaps most importantly, CRA has taken up a group of 32 temporary reserves for diamonds 1,000 miles away from the Kimberley, inland from Carnarvon around the Kennedy Range and Winding Pool. These commit the company to an annual \$1.3m for diamonds only—a scale of expenditure unlikely unless something worthwhile has been turned up already.

Peg and pray

Despite the speculators' need for snatches of information at least, secrecy is one of the trumps. With little work done apart from pegging, two or three companies a week are turning up in the diamond chase. Sceptics rightly point out that only one in several thousand kimberlites yields commercial diamonds. But the enthusiasts can reply that while this is so, the odds shorten dramatically once diamonds have been discovered. Hence the high level of expectation in the Kimberley bush as prospectors peg circular features that suggest volcanic plugs and pray that CRA or somebody comes up with a find that will prove that this, indeed, is diamond country, the start of a new province.



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A FINANCIAL TIMES SURVEY



ON OFFSHORE EXPERTISE OCTOBER 19 1978

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

FARMING AND RAW MATERIALS

Small rise forecast in sugar stocks

BY OUR COMMODITIES STAFF

WORLD SUGAR production is expected to be slightly above consumption in the 1978-79 season, according to the U.S. Agriculture Department's September 1 report. The report says that world sugar output at between 100 and 110 million tonnes in 1978-79 and that consumption at 88m tonnes, suggesting a further small rise in the present large stocks.

U.S. domestic beet production is forecast to rise by 5.10 per cent above the 1977-78 figure of 1.2m tonnes, while cane output is expected to rise by 2.7 per cent above the 1977-78 figure of 1.2m tonnes. U.S. production of high fructose corn syrup is expected to rise by 1.2m tonnes (dry weight) against 1m tonnes in 1977.

U.S. sugar imports are expected to fall sharply from 1.5m tonnes in 1977-78 to 1.2m-1.3m tonnes in 1978-79. But 1979 imports are expected to rise to 1.5m tonnes. The U.S. Department of Agriculture's September 1 report says that the U.S. sugar industry is expected to produce 1.2m tonnes of high fructose corn syrup in 1978-79, up from 1.1m tonnes in 1977-78.

The USDA predicts that the U.S. sugar industry will produce 1.2m tonnes of high fructose corn syrup in 1978-79, up from 1.1m tonnes in 1977-78. The U.S. sugar industry is expected to produce 1.2m tonnes of high fructose corn syrup in 1978-79, up from 1.1m tonnes in 1977-78.

Ghana will probe cocoa marketing

AUCRA, Sept. 4.

THE Ghana Government has set up a committee to investigate the activities of the Ghana Cocoa Marketing Board, reports Reuters.

The inquiry will concentrate on the buying and selling of cocoa, earnings from cocoa sales, activities of foreign and local buying agents and the causes of the decline in cocoa production since 1970.

Ghana's annual cocoa production, which averaged 400,000 tons a year up to 1970, was down to 348,000 tons in 1976.

Another committee has been set up to investigate the activities of the State Fishing Corporation.

On the London terminal market, prices rose further yesterday. November delivery cocoa, for example, was 518 pence in Mayday's closing price at 512.50 a tonne.

Traders again attributed the continued increases to the reduced harvest prospects in West Africa and Brazil.

At Rio de Janeiro, the Sao Paulo State agricultural secretary announced the region was expected to produce only 6.1m 60-kilo bags of coffee next year instead of 8.9m estimated earlier, after the frost last month.

According to a survey, 61m of the State's 236m new trees were seriously affected by frost, and 17m were destroyed. Of the State's 726m adult trees, 8.1m suffered irreparable damage, the secretary said.

Copper supply threatens mount

BY JOHN EDWARDS, COMMODITIES EDITOR

A SERIES of "bullish" reports failed to lift the London copper market yesterday. Instead prices eased in quiet trading conditions, with cash futures closing 2.75 lower at 178.50 a tonne.

The market had already anticipated a fall in copper stocks held in LME warehouses of 7,500 tonnes reducing the total holdings to 44,355 tonnes—the lowest level since October, 1975.

Little impact was made either by reports from Zambia that the unofficial strike by Zambian rail workers should soon start to hit shipments, which so far have been maintained by the backlog of supplies already in transit.

However, after six days of the unofficial strike, stockpiles of copper are reported to be building up at the railheads. Supplies from two other main exporters—Chile and Peru—are also threatened by industrial action.

Traders are, however, awaiting the re-opening of the New York market after the Labour Day holiday, traditionally the time when the pattern of consumer demand becomes clearer.

Lack of follow-through buying interest brought a setback in the market, after its sharp rise last week. A fall in warehouse

ALGERIAN LAND RECLAMATION

Caterpillar threat to 'green dam'

BY A CORRESPONDENT

ALGERIA'S "GREEN DAM," a land reclamation project which includes one of the biggest forestry schemes ever undertaken, is threatened by the menace of professional caterpillars.

These harmful larvae, at the leaves of the young trees, are already present in the "green dam" and because they live in dense concentrations they can strip and kill young saplings.

According to people working on the project, thousands of young trees have already been killed.

The Tunisian frontier, following the escape of the Sahara from the Atlas, looping round the Chott el Hodna to the north and south, and following the Aurès to the east, is the Tunisian border south of Tébessa. It starts around Djelfa, where forestry and reclamation work began in 1968. Other local schemes followed, but the idea of the green dam began to take shape only after 1972. The real work began in 1975, when the army established six regional centres spaced along the proposed site of the dam. For the last three years, thousands of young national servicemen have been working on the task of planting 70m young trees over a total area of 3m hectares.

The result is already impressive, with long chains of mountains covered with apparently healthy conifer saplings.

The national servicemen have been working with the National Office for Land and Forests (ONTF), which lacks the staff to water the young trees twice a year and organise their surveillance.

With a scheme of this size, the scale can be difficult to grasp. Local people are often unaware of what is going on around them, seeing nothing but a barracks and some forestry activity. Aware of the scepticism of some foreign experts, senior officials in Algiers take a low-key line on the dam, emphasising that despite its size it is an experiment, an act of faith in the future. The ecological effect will not even be noticeable for another 10-20 years.

Japan hits at N. Zealand fish quota

TOKYO, Sept. 4.

THE JAPANESE government today criticised New Zealand for reducing fishing quotas for Japanese fishermen inside the 200-mile economic limit proclaimed earlier this year.

The Japanese fishery agency said the 1978 quota of 98,000 tonnes announced in Wellington was most severe. It added that Japan would seek increases to the level of last year when Japanese fishermen hauled an estimated 240,000 tonnes.

Quotas were fixed by New Zealand after the two countries signed an agreement on Friday allowing Japanese fishing vessels to operate in the zone for the first time since it was proclaimed on April 1.

The Japanese fishery agency said the 1978 quota of 98,000 tonnes announced in Wellington was most severe. It added that Japan would seek increases to the level of last year when Japanese fishermen hauled an estimated 240,000 tonnes.

Call for tapioca controls

PARIS, September 4.

FRENCH MAIZE growers have called on the EEC Commission to act immediately to control imports of tapioca pellets, also known as cassava and manioc.

Marcel Cazale, president of the growers' association, said in a statement that growers were concerned at the rapid increase in imports.

M. Cazale said the substitution of cassava for maize in animal feeds reduced the protein content and necessitated increased use of imported soyabean meal.

This was contrary to France's programme to cut protein imports, he said.

M. Raymond Barre, French Prime Minister, said the problem must be tackled by the EEC as a whole and France had already submitted a memorandum to the subject.

French soft wheat exports rose to 6.2m tonnes in the season ended July 31, from 5.3m last season, the French National Cereals Office, ONIC, said.

Exports of soft wheat totalled 3.6m tonnes up from 2.06m. Maize exports were 2.23m tonnes against 0.51m.

Cassava imports almost trebled to 465,419 tonnes from

Desert

The "green dam" is a complex project designed to arrest the steady northward encroachment of the Sahara desert and make the high plateau between the fertile coastal strip and the desert more productive. Algeria's population, which was 10m in 1961 and is 18m now, is expected to double again before the end of the century. This has put pressure on food supplies, and the import bill is mounting.

The expansion of northern towns and cities into the claiming tracts of agricultural land.

Construction of the dam has involved the building of roads, wells and reservoirs, and establishment of pilot plantations of fruit trees and vegetable crops. Hillside have been terraced to improve soil, and water retention, but the first and biggest task in the scheme has been the establishment of the dam itself.

A 20km-wide belt of forest 1,500 km long, from the Moroccan

At risk

Oddly enough, the threat from the professional caterpillar may be one of the first ecological effects of the dam. According to a British pest expert, the caterpillar's numbers probably result from the absence of bird and insect predators in an area which was semi-desert until a few years ago.

In time, when the pests natural enemies establish themselves, the caterpillar may become less of a threat. In the meantime, however, large areas of young trees are at risk. The best way to deal with the pest is to spray with bacteria which kill the caterpillars but do not harm the trees. Insect sprayer.

Other methods which give good results are spraying affected trees with insecticide and physically destroying the webs in which the caterpillars live.

This is what the soldiers at Bou Saada have been doing, but their other duties have so far prevented them from conducting more than a holding operation. The caterpillar has continued to spread and multiply.

The danger is that it may again munch a hole in the thicket and oldest part of the dam, where some of the trees are 10 years old. "We don't want to see our work going to waste," said one young officer. "But so far, the high-ups don't seem to recognise the caterpillar as a serious problem."

Rubber output increase urged

BY OUR COMMODITIES STAFF

FURTHER RUBBER producers are urged to increase output now that the market is expected to be in demand according to a joint study by the World Bank and the UN Food and Agriculture Organisation.

The study says that the demand for rubber will rise sharply in the next few years, and that the world's rubber output will fall behind demand during the second half of the 1980s creating a demand of 500,000 tonnes by 1990.

The study projects a substantial increase in world demand for natural rubber and synthetic rubber, despite a slower increase in oil prices. The study says that the world's rubber output will fall behind demand during the second half of the 1980s creating a demand of 500,000 tonnes by 1990.

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Fish farm health service plan

BY OUR COMMODITIES STAFF

A FISH health service, run by the Ministry of Agriculture's veterinary service was proposed yesterday in a National Fisheries Union report on fish farming.

The report, by the NFU's fish farming committee, puts the case for centralised control of fish farming, particularly from the standpoint of disease control.

The present system is leading to an excessive bureaucracy and is not leading to an effective method of controlling disease, the report said.

A licensing system to authorise particular sites for fish farming should also be established, the report says.

The Regional Water Authorities should do more to promote the production of fish for food but they should not themselves be involved in the production of fish, particularly where this may affect the viability of commercial fish farms.

The report says the main requirement for effective disease control is an administration comparable with that responsible for dealing with notifiable diseases of other farm animals.

MEAT/VEGETABLES

SHREVEPORT, La. (AP) — Beef prices in the South are expected to rise sharply in the next few months, according to a report from the U.S. Department of Agriculture.

The report says that the supply of beef is expected to be tight in the next few months, and that prices are expected to rise sharply.

The report also says that the supply of pork is expected to be tight in the next few months, and that prices are expected to rise sharply.

The report also says that the supply of lamb is expected to be tight in the next few months, and that prices are expected to rise sharply.

PRICE CHANGES

Commodity	Unit	Price
Aluminum	lb	1.15
Copper	lb	1.15
Gold	oz	1.15
Iron	lb	1.15
Lead	lb	1.15
Nickel	lb	1.15
Platinum	oz	1.15
Silver	oz	1.15
Tin	lb	1.15
Zinc	lb	1.15

COMMODITY MARKET REPORTS AND PRICES

Commodity	Unit	Price
Aluminum	lb	1.15
Copper	lb	1.15
Gold	oz	1.15
Iron	lb	1.15
Lead	lb	1.15
Nickel	lb	1.15
Platinum	oz	1.15
Silver	oz	1.15
Tin	lb	1.15
Zinc	lb	1.15

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NOTICE IS HEREBY GIVEN that the following companies have been registered with the Registrar of Companies:

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OFFSHORE AND OVERSEAS FUNDS

[illegible]

MINES—Continued

Stock	Price	+ or -	Div. Net	Cur	Yr. Gr.
Falcon Rh. 50c	178	.....	0.50	1.3	24
Rhod's Corp. 16-p.	19	.....	0.50	2.1	4
Road Cons. 1st	65	.....	.....	.....	.....
Tanganyika sec	.....	.....	.....	.....	.....
Wandle Oil Rh. 1	37	.....	1.00	1.4	17
Zam for 500000	101	.....	.....	.....	.....

[illegible][illegible]

COPPER				
(Melina R250).....	85	-1	\$230c	1.7
MISCELLANEOUS				
Barilla.....	50	-2		
Burma Mines 17-gp.	13			
Cos. Merck 10c	235		\$230c	2.6
Northstar (C3)	350			
P.T.T.	227	-3	9.5	2.8
Sabina Inds. (C3)	52	-1		
Texas Export 51	875			
Teknis Minerals 10p.	18		\$1.35	3

NOTES[illegible]

or report awaited.
security.
time of suspension.
and dividend after pending suits and/or rights issues.
relates to previous dividends and/or forecasts.
and/or reorganization in progress.
comparable.
criteria: reduced final and/or reduced earnings.
dividend: cover on earnings updated by latest statement.
statements for conversion of shares not now ranking for
is or ranking only for restricted dividend.
does not allow for shares which may also rank for
as a future date. No P/E ratio usually provided.
final dividend declaration.
P/E ratio.

[illegible][illegible]

changes throughout the United Kingdom for a fee of £400 per annum for each security.

[illegible]

REGIONAL MARKETS

ing is a selection of London quotations of shares listed only in regional markets. Prices of Irish stocks which are not officially listed in London are quoted on the Irish exchange.

20p	25	-----	Sheff. Polytechnic	65	-----
40p	46	-----	Sindall (Wm.)	125	-----
20	20	-----			
50p	51 1/2	+4 1/2			

1A.	39	+1	Conv. 9% 80/82	1314	+1
1A.	63		Alliance Gas.	62	
1A.	26	+2	Arnott	360	
1A.	52m	+8	Carroll (F.J.)	103	-2
1A.	21		Clondalkin	85m	
1A.	115	-5	Concrete Prods.	112m	-2
1A.	152		Helton (Hedges)	46	
1A.	260	-5	Irish Corp.	170	
1A.	66		Irish Ropes	180	
1A.	285	-1	Jacob.	63	
1A.	20		Sunbeam	33m	+2
1A.	44		T.M.G.	162	+3
1A.			Unidare	104	-4

OPTIONS			
3-month Call Rates			
6 1/2	I.C.F.	20	Tube Invest.
38	Impra	5	Unilever
38	I.C.F.	20	Utd. Dravary

11	KCA	5	Woolworths	5
12	Ladbrooke	17		
15	Legal & Gen.	14	Property	
25	Lis Services	7	Brit. Land	3 1/2
26	Lloyds Bank	22	Cap. Countess	4 1/2
28	"Lots"	4	E.P.	2
3	London Brick	5	Intercontinental	3
12	Loughs	5	Land Secs.	1 1/2
13	Maced. Inds.	25	MEPC	12
15	Lyons (J.)	18	Peasey	8
3	"Mams"	7	Samuel Prop.	12
8	Mills & Spence	25	Town & City	1 1/2
15	Midland Bank	25		

14	Nat. West. Bank	22		
16	Do. Warrants	10	Brit. Petroleum	45
17	P & O Dfd.	8	Starum Oil	5
18	Pleassey	8	Charterbil	1
40	R. F. M.	8	Shell	20
9	Bank Corp. 'A'	12	Ultracore	20
10	Reed Intnl.	12		
18	Spallans	3	Mines	
18	Tesco	4		
26	Thorn	22	Charter Coms.	12
12	Trust Houses	15	Cons. Gold	14
			Rio T. Zinc	16

Section of Options traded is given on the

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

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WESTLAND WINS STUDY CONTRACT

UK plans new helicopter

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A BIC new helicopter, called the WG-34, is planned by British Westland Helicopters of Yeovil in Somerset, has been awarded a project definition study contract by the Ministry of Defence for the helicopter and so far the Government has committed about £10m to the venture.

But the final development cost is expected to be about £1bn with an eventual market for up to 750 aircraft.

The aim is to secure international collaboration on the venture and talks are in progress

with the helicopter industries of France, West Germany and Italy. Up to three-quarters of the development cost will be accounted for by advanced electronics, including micro-minaturisation, with the rest for the air frame and engines which initially will be Rolls-Royce Gnomes.

Although military duties for the new aircraft are envisaged, it is hoped that the WG-34 could help meet the growing need for longer-range helicopters for the offshore oil and gas production and exploration markets.

The basic price of the WG-34 is expected to be about £3m to £4m. It will have three engines and will be bigger and heavier than the existing Sea King.

European helicopter collaborative production has already been highly successful, with nearly 2,000 of three types of helicopter—the Lynx, Gazelle and Puma—already sold under the Anglo-French helicopter programme begun some years ago.

● The U.S. Navy is considering the British Aerospace Hawk jet as a replacement trainer aircraft.

The contract would be for more than 300 and could be for as many as 1,000 trainers to replace the Buckeye and T-44. A link with an American company would be necessary if a deal is clinched and the most favoured company is McDonnell Douglas of St. Louis, Missouri.

More than 70 Hawks have already been sold overseas since the beginning of the year—to Finland, Kenya and Indonesia. The RAF, which has 175 on order, is understood to be studying the possibilities of fitting air-to-air missiles to the ground attack trainer for local air defence.

Mr. John Fozard, marketing director of BA's Kingston-Brough division, said yesterday: "With an estimated worldwide requirement for up to 6,000 Hawk-type jets between now and the mid-1990s, international competition is very tough indeed."

"Three times the Hawk has been evaluated against all its competitors. Each time it has come out on top in capability per unit cost."

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Guerrillas kill air crash survivors

By Our Own Correspondent

SALISBURY, Sept. 4. TEN OF the passengers who survived the crash of an Air Rhodesia Viscount near the Zambian border were killed by Black nationalist guerrillas, the military command announced here tonight.

A communiqué said 18 people survived the crash, and of these five wandered off into the bush in search of help.

The guerrillas then arrived and opened fire on the rest with rifles, the communiqué said, killing 10 in a hail of bullets. Three survived to tell the story. The rest of the 56 aboard are presumed to have died in the crash.

The announcement further fuelled speculation that a guerrilla-launched ground-to-air missile may have brought down the four-engined Viscount after it took off from the resort of Kariba for Salisbury yesterday evening.

Guerrillas of Mr. Joshua Nkomo's Zambian-based Zimbabwe People's Revolutionary Army are said to have hand-held missiles of Soviet manufacture which home in on the engine heat of aircraft.

Security force members arriving at the scene of the crash this morning said a starboard engine appeared to have exploded and the starboard external side of the plane was scorched, the communiqué said.

The pilot, Capt. John Hood, 36, had radioed: "I have lost both starboard engines" before the plane disappeared.

All the passengers were whites except for eight members of two Rhodesian Asian families. The only passengers not of Rhodesian or South African nationalities were two Britons, named as Mr. Walter Brown and his wife, Elizabeth, of Dunfermline, Fife, who were visiting relatives in Rhodesia.

Tonight's communiqué said that the guerrillas arrived at the crash scene shortly after the plane had crashed and ordered the shocked and numbed passengers to their feet.

The terrorists then opened fire with Communist-made AK47 assault rifles and 10 of the passengers—as yet unnamed but six known to be women—died in a hail of fire.

The communiqué also said that after killing the 10 passengers the guerrillas looted the aircraft and then fled, leaving the passengers who died in the crash.

Supervisors told not to do work of SU strikers

By Alan Pike, Labour Correspondent

SUPERVISORS at BL's SU Fuel Systems factory in Birmingham were advised by their union yesterday not to do the work of 32 toolmakers who face expulsion from the Amalgamated Union of Engineering Workers.

Mr. Stan Jefferson, a Midlands member of the Association of Scientific, Technical and Managerial Staffs executive, wrote to his members at the SU plant reminding them of a union rule.

It stipulates that "in any industrial dispute in which members of the association are not involved members shall not undertake any work normally outside the terms of their employment."

The 32 toolmakers have been on unofficial strike for a month in support of a pay parity claim and on Sunday the AUEW executive confirmed their expulsion from the union.

Mr. Jefferson said yesterday that his members had not yet been asked to take over the toolmakers' work, but were likely to be asked later this week. "I should not like to see our members involved in the internal dispute of another union," he said.

During last year's Leyland toolroom strike, said Mr. Jefferson, ASTMS supervisors were approached to take over toolmakers' work but refused. Many of the supervisors were themselves former AUEW toolmakers. They were concerned about pay differential problems and were sympathetic to the toolmakers' case.

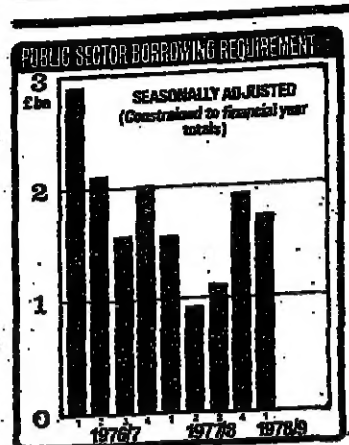
A copy of Mr. Jefferson's letter has been sent to Mr. Hugh Scanlon, president of the AUEW. The executive has decided that the strikers' expulsion will become effective if they refuse to attend an East Birmingham district committee meeting later this week where they will be instructed to return to work. The men have repeatedly ignored previous instructions to call off their strike and have failed to attend other district committee meetings.

Letters offering them a last chance to change their minds were written in the AUEW's London headquarters yesterday and sent to Birmingham, where the TUC Congress is in progress, to be signed by Mr. John Boyd, general secretary. They will go to the strikers by registered post today.

THE LEX COLUMN

Gilt: watching and waiting

Index fell 4.6 to 493.4



The gilt-edged market is becalmed: since May the FT Government Securities Index has been trapped in a narrow trading range stretching a point either side of 70. Electoral uncertainties are playing a part, and in any case the input of financial statistics has been mostly inconclusive.

Yesterday's public sector borrowing requirement figures for the April-June quarter, for example, provide no basis for suggesting that the out-turn for the current financial year is likely to be very different from the Budget forecast of £8.5m. It is true that a crude annualisation of the seasonally adjusted PSBR for April-June would indicate only £8.9m for the full financial year. But the income tax cuts forced by the Opposition become effective next quarter (partly offset by the employers' National Insurance surcharge), and there is no assurance that the local authorities and the public corporations will stay in overall surplus.

Today's banking figures—which are expected to show a drop in eligible liabilities of 1 per cent or more—could also be inconclusive in their impact. A fall in clearing bank lending may not prove an accurate guide to the experience of the banking sector as a whole.

Westland

Westland shareholders could be excused for asking cynically how much money the company expects to lose on the latest job offered it by Government—the study contract for a large helicopter to replace the Sea King. Yet Westland's unprofitable image could be blacker than it needs be. There is a suspicion that the interim statement in June, when the interim dividend was passed and doubts cast over a final, was designed to create the right mood for negotiations.

First Westland wanted to get rid of a costly piecework system at its Yeovil helicopter factory. Second it wanted to re-negotiate the Government contract for the Lynx helicopter. The first was achieved shortly afterwards.

There is no news yet on the second and it may be that yesterday's announcement is part of some sort of trade-off.

Westland's financial controls do not match its ability to make helicopters, and recent losses on specific contracts seem to have impressed this fact on the management. There is scope for improved stock control and

Hydro is obliged to follow stringent Norwegian accounting rules on depreciation and North Sea amortisation. Despite a positive cash flow from Frigg there is no contribution to profit this year, though the income from Ekofisk should have been well up.

Reported earnings amount to about NK 184 a share for 1977-78, but London brokers Grieverson Grant estimate that this will have multiple between three and four times by the early eighties. All the cash flow is badly needed at Norsk Hydro. According to last year's annual report, the three previous years' expenditure on fixed assets amounted to NK 7.3bn. Only 1 per cent of this came from internal funds, leaving the group with borrowing financing over 70 per cent of capital employed at the year-end.

At NK 228—NK 1 up on the news—the shares trade at a multiple of 12 and yield about 4 per cent.

Reardon Smith

Back in January Reardon Smith appeared to have spirited away its financial problems through a series of unexplained capital transactions, which substantially increased its liquidity and "dramatically" reduced its tanker losses. But as the annual report indicates the price was high. In the year to end-March it made a loss after tax and extraordinary items of £19.3m. It lost just over £6.0m on the sale of its drilling rigs and thought it prudent to reduce the book values of two ships sold by £9.0m. As a result shareholders' funds have plummeted from £30.9m to £13.3m, dwarfed by shipbuilding loans of £37.0m. The group is still in deficit, having secured a moratorium on its loan repayments, but the "A" shares, at 32p, can be regarded as not much more than gambling chips.

Norsk Hydro

With stakes in both the Ekofisk and Frigg fields in the North Sea, both of which are now operational, Norsk Hydro looks well set to report bumper profits around 1980 and thereafter. But yesterday's preliminary statement shows that the group's pre-tax profit for the year to June 1978 has taken a slight dip to NK 241m (£24m), after NK 247m last time. The reason is partly cosmetic. Norsk

Ferranti

As expected Ferranti the NEB have abandoned a complicated formula for establishing the price at which the latter will sell part of its shareholding to other Ferranti shareholders. Instead the Ferranti prospectus reveals that a price of £1 (subject to final adjustment) has been agreed for 2.66m NEB shares which will be sold to other shareholders rather like a 1 for 3 right issue. The price has been fixed in line with the pre-suspension price of between 230p and 240p (following the scrip issue). After deducting the value of the right to receive the NEB offer (worth 35p say), the price is equivalent to half the market price—which was its original intention. The calculation is rather rough and ready but it seems to be enough and at 200p the shares are selling on a discount multiple of just under 10 to yield prospectively 4.3 per cent.

Ferranti seems to have been a bit stingy with the dividend and is not sticking its neck out with a profit forecast. However, it is better to be cautiously initially and, as long as prospective earnings of £1 and a multiple of 10, the share could start trading at around 250p when dealings begin at the end of the month.

Tories finish work on election manifesto

BY RICHARD EVANS, LOBBY EDITOR

WORK ON the Conservative manifesto was completed by the shadow cabinet yesterday in preparation for rapid publication if the Prime Minister calls an election.

Mrs. Thatcher and her colleagues met for over two hours at the Commons in the expectation that Mr. Callaghan will announce the election date within the next week.

The Tories' package of policies—which has been in preparation for over a year—will then be quickly published.

Some indication of the PM's thinking on timing could be forthcoming from his speech to the TUC at Brighton today, although he is not expected to be specific.

One possibility is that the date could be announced soon after

the cabinet meets on Thursday. October 5 remains the favourite. Alternatively, the PM could wait until early next week so that he can advise the Queen of the date on his visit to Balmoral at the weekend.

Inevitable
The shadow cabinet took the unanimous view that an election in the next few weeks is inevitable, partly for the psychological reason that the October bandwagon has rolled too far and too fast—and partly because of the belief that Mr. Callaghan would find it impossible to avoid defeat from all opposition parties at the start of another Parliamentary session.

The Conservative party machine is ready to roll back by a growing poster campaign

and an increasing number of tours of marginals by party leaders. With fortuitous timing, Central Office has already booked peak TV time tomorrow for the last party political broadcast of the year. It will be the fourth in the series of controversial but highly professional broadcasts done by Satchell and Satchell.

Following her recent visit to Scotland and Border constituencies Mrs. Thatcher will tomorrow begin a tour of key seats in the West Midlands—an area where the Tories must score heavily if she is to reach 10 Downing Street. The marginals include Lichfield and Tamworth where Labour has a majority of 331 and West Gloucestershire where Labour's majority is 409.

Hattersley bid for Labour NEC means conflict with Owen

BY IVOR OWEN, PARLIAMENTARY STAFF

MR. ROY HATTERSLEY, the Prices Secretary, and one of the youngest and most ambitious members of the Cabinet, is making his first bid to secure election to the Labour Party's National Executive Committee.

The agenda for the Labour Party conference discloses that he is one of 34 candidates for the seven constituency party places on the NEC.

The conference is due to open at Blackpool on October 2, but with the growing probability of a General Election next month it is almost certain to be postponed to later in the year.

The entry of Mr. Hattersley,

aged 45, into the constituency party lists brings him into an intriguing conflict with Dr. David Owen, 46, the Foreign Secretary, and the man most likely to be his rival for the Centrist Right vote in a future Labour leadership election after the retirement of Mr. James Callaghan.

Both are likely to bid for the same votes in this year's constituency section contest, which is usually dominated by the Left wing and is always regarded as a significant barometer of industrial and stature in the Labour movement.

Three other Cabinet Ministers, Mr. Anthony Wedgwood Benn, seeking re-election; Mr. Peter Shore; and Mr. Stanley Orme, are among the other constituency section candidates.

Both are ambitious

Dr. Owen, just as ambitious and determined as Mr. Hattersley, stood for the constituency section of the NEC for the first time at last year's Labour Party Conference, and caused some surprise by securing a creditable

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Babcock to spend £70m on modernising boiler factory

BY ROY HODSON AND RAY PERMAN

BABCOCK AND WILCOX plans a £70m modernisation of its power station boiler factory at Renfrew, near Glasgow, to handle expected new orders.

These will start with the Drax B power station, Yorkshire, through the Central Electricity Generating Board is still reluctant to accept the company's tender for the project.

An early meeting is likely between the Board and Babcock management to discuss the tender price for the boilers which is thought to be higher than the £150m estimated by the CEBG.

Neither the Board nor the company are keen to reopen the public debate on the building of the second stage of the Drax power station, but the costing of the work is complicated by the fact that the CEBG has not ordered a power station since 1973.

A final tender for the work has been submitted by Babcock. The

company will also be bidding for boilers for the Heysham and Torness nuclear stations and for the planned Shannon stations in Eire.

Mr. Bruce Millan, Secretary of State for Scotland, said during a visit to the Renfrew factory yesterday that the Government wanted to sustain the heavy boiler industry in Britain.

He said the Drax order would safeguard Renfrew until 1980 and he was confident that the electricity industry's ordering programme after that date would justify increased capacity.

The CEBG confirmed last night, however, that the contract had not yet been placed.

Delays
A long political dog-fight took place before the Government decided last year to order the coal-fired Drax power station.

Mr. Anthony Wedgwood Benn, the Energy Secretary, then asked the CEBG to place the turbine generator order, worth an estimated £125m, with Parsons.

No company was specified for the boiler contract but it was widely assumed it would go to a new company to be formed from a merger between the boiler-making interests of Babcock and

Wilcox and Clarke Chapman. Later, merger plans were scrapped.

The CEBG is anxious to solve its continuing problem of delays in power station construction caused by the low productivity of plant erection workers on large sites.

As part of the Drax and future contracts the board is seeking to include sanctions. It has in mind financial rewards for good performance and penalties for late commissioning of plant.

Babcock and Wilcox said in Renfrew yesterday that its project for the works amounted to rebuilding and re-equipping most of the plant, and was essential if the industry were to survive. It expected its main competitor Clarke Chapman of Gateshead to announce similar proposals.

The starting date and speed of the work would depend on the outcome of talks between the Government, the CEBG, and the two Scottish generation boards on the ordering for new power stations in the next 30 years.

Mr. John King, chairman of Babcock and Wilcox, said: "Once we know there is a firm ordering level from the electricity boards, and what it is likely to be, we can get on quickly to develop the factory. We take the view that there will be no real problem in raising capital."

A long political dog-fight took place before the Government decided last year to order the coal-fired Drax power station.

Mr. Anthony Wedgwood Benn, the Energy Secretary, then asked the CEBG to place the turbine generator order, worth an estimated £125m, with Parsons.

No company was specified for the boiler contract but it was widely assumed it would go to a new company to be formed from a merger between the boiler-making interests of Babcock and

Wilcox and Clarke Chapman. Later, merger plans were scrapped.

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European shipbuilders

ders in a number of instances lately. In a contract to build a series of 15,000 cwt bulk carriers for Pakistan, the Japanese yard involved was sixth in the bidding—well behind British Shipbuilders, for example.

The lowest bidder in this and a number of other current tenders has been Poland, with Korea usually running second.

There is no clear indication for European shipyards of how long the respite from Japanese competition will last—but brokers believe that once the main lines of shipbuilding reorganisation in Japan become clear, the yards will again start to assert themselves.

Much will also depend upon

the relative values of the dollar and yen, as Japanese yards have in the last year been forced to conclude most of their ship export contracts in dollars.

This follows the chastening experience of many shipowners, notably Greeks, in seeing their construction costs of their ships increase substantially during the building period.

The revision of Japanese prices clearly ties in with the hardening of the yen in recent weeks, but in the past shipyards have chosen to contain the effects of these currency fluctuations in the quest for more exports.

Last year, Japanese yards took over half of the world's shipbuilding business, according to Lloyd's Register figures.

Continued from Page 1

Ferranti shares

Additionally the Government has now decided not to make a compensation payment in lieu of the group's transformer losses, which have risen to £10m since 1969. Mr. Alun Jones, managing director, said yesterday that the lack of compensation was re-

flected in the offer price. He said that despite the differences between the current and earlier proposals the scheme had been designed to meet the original criteria that the NEB's holdings should be offered at significant discount to the Ferranti shareholders.

Weather

UK TODAY

MAINLY DRY; sunny periods.
London, SE, S and Cent. N
England, E Anglia, E Midlands
Sunny periods developing.
Max. 20C (68F).

Cent. S England, W Midlands
Dry, cloudy later. Max. 20C
(68F).

Channel Is., SW England
Cloudy, rain later. Max. 18C
(64F).

Wales, N Ireland
Dry at first. Rain later. Max.
18C (64F).

NW England, Lakes, Is. of Man,
Glasgow, Argyll, SW, NW
Scotland
Dry, sunny periods. Max. 18C
(64F).

NE England, Borders, Edinburgh,
Dundee, Aberdeen, Cent.
Highlands, Moray Firth, NE
Scotland, Orkney, Shetland
Dry, sunny periods. Max. 16C
(61F).

Outlook: Mainly dry. Near
normal temperatures.

BUSINESS CENTRES

City	Yday	Today	Yday	Today
Ams.	17	17	17	17
Ant.	17	17	17	17
Bah.	17	17	17	17
Ber.	17	17	17	17
Bom.	17	17	17	17
Bra.	17	17	17	17
Buc.	17	17	17	17
Cal.	17	17	17	17
Car.	17	17	17	17
Chi.	17	17	17	17
Col.	17	17	17	17
Con.	17	17	17	17
Dub.	17	17	17	17
Edin.	17	17	17	17
Frank.	17	17	17	17
Gene.	17	17	17	17
Hong.	17	17	17	17
Ind.	17	17	17	17
Jap.	17	17	17	17
Lon.	17	17	17	17
Mad.	17	17	17	17
Man.	17	17	17	17
Mex.	17	17	17	17
Mos.	17	17	17	17
Nat.	17	17	17	17
Nor.	17	17	17	17
Par.	17	17	17	17
Per.	17	17	17	17
Por.	17	17	17	17
San.	17	17	17	17
Sao.	17	17	17	17
Seo.	17	17	17	17
Sing.	17	17	17	17
Syd.	17	17	17	17
Tai.	17	17	17	17
Tok.	17	17	17	17
Wash.	17	17	17	17
Zur.	17	17	17	17

HOLIDAY REPORTS